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RV BUSINESS

NOVEMBER 1, 1988

7 Honey Unveils New Management, '89 Lineup

7 Cruise America Plans Record Fleet Sale

7 Mallard Seeks To Buy Juno

8 HRC Names Emmert As Executive VP

8 Airstream Unveils Land Yacht Trailer Line

9 Sunline Shuffles Top Officers

9 Park Homes Files Chapter 11

11 Chevy, Van Group Pleased With Meeting

11 Dometic Not Liable in A&E, Zip Dee Suit

12 GM Invests In Mark V RV Engine

Winnebago Chief Quits; Council to Manage Firm

Winnebago Industries Inc. has established a seven-person management council to oversee the company's operations following the resignations of President and Chief Executive Officer Gerald W. Gilbert and Executive Vice President Richard A. Berreth on Sept. 29.

Company sources indicated that the committee rule will continue indefinitely for the Forest City, Iowa, RV maker. Winnebago's new management council, which will answer to Winnebago Chairman John K. Hanson, is chaired by Bryan A. Hays, vice president of sales and marketing. The council also includes Jerome V. Clouse, vice president-treasurer; Edwin F. Barker, vice president-controller; Sharon L. Hansen, director of administration; Richard B. Carlson, vice president of engineering; Raymond M. Beebe, vice president-general counsel and secretary; and Frank Rotta, director of public relations.

Gilbert was brought in two years ago from Control Data Corp., Minneapolis, Minn., to replace former president Ronald E. Haugen. Gilbert's mandate was to streamline production, and, according to insiders, Gilbert and Berreth were asked to resign by Hanson in the wake of ongoing production problems.

According to sources, production problems emerged in the spring of this year and affected assembly operations in the summer to the extent that deliveries were held up and sales impaired. Slowdowns reportedly involved "mixed model" assembly operation, whereby motorhomes are made to

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THE L.A. RV SHOW: An overview of this year's exciting L.A. RV Show at Dodger Stadium. See page 65.

Labor Shortage Hits Industry

Along with the persistent drought, the summer of 1988 will be remembered as a time in which the nation's pool of skilled and unskilled blue-collar workers dwindled to the tightest levels in 25 years. The atrophy of the labor force not only affected fast-food restaurants and resort hotels but a large number of RV manufacturers.

The problem of finding and retaining quality RV-production workers was not confined to a few isolated geographic zones. Scarcities of qualified personnel have been reported from the East Coast to Southern California. In fact, only one out of 10 RV-related companies interviewed in September expressed satisfaction with the 1988 labor situation.

While the labor shortage has eased temporarily for the RV industry with the passage of the peak selling season, the threat of an ever-tightening supply of skilled workers clearly is an issue that industry leaders must deal with in coming years.

In Elkhart County, Ind., the problem is quite evident. In June, Elkhart County, with a population of 143,000, tallied a record 104,000 jobs, 27% of them going to out-of-county workers. In the peak RV-production months of May and June, skilled workers could pick from any number of employers. And, according to RV employers, many workers did skip

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L.A. RV Show 65
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COVER PHOTO: GREATER LOS ANGELES VISITORS AND CONVENTION BUREAU

DAB PERSPECTIVE

AUGUST WAS A GOOD SUMMER MONTH

GAYLORD MAXWELL

In some respects, August was an excellent month for RVB's Dealer Advisory Board (DAB). Sales volume was up 19% for the group, and 14 of the 23 members recorded monthly totals above those of August 1987. With only one exception, the large dealerships were up in dollar volume.

However, the unit-sales picture was different. New units were down a bit, although a substantial used-sales increase managed to squeeze the total into the plus column. With the unit total barely up and the dollar total strongly up, it was apparent that buyers were after more expensive units – a fact substantiated by the increase in both new- and used-motorhome sales.

New-unit grosses softened somewhat for the month and were rated good to fair. Used units were in strong demand, and profits were super. The excellent column received the most ratings from DAB members, and, with only three exceptions, the rest rated profits as good. Even with the season's end in sight, the demand for used units remained very strong.

Year-to-date, new-unit sales were slightly under those of last year (down 1%). Used sales were slightly up, which meant that total sales were up less than 1% compared with the first eight months of 1987. In short, the two years were running neck and neck in terms of units. However, in terms of dollars, 14 DAB members were ahead of last year, and the group as a whole was up substantially over the previous year.

Motorhomes

New-motorhome sales were good in August, and sales were absolutely great for used units. Class C's were making a nice comeback for many dealers and boosting their total sales. In fact, 40% of the new-unit sales for the month were C's – a higher percentage than we have recorded in a long time.

Grosses were good, according to most DAB members, with a few calling them fair and a couple calling them excellent. Those ratings were surprisingly good for a time of the year when many dealers were discounting heavily to make way for new models.

Travel Trailers

August was a poor month for many travel-trailer dealers. The 28% drop in new-unit sales was one of the sharpest monthly drops we had seen this year. Fifteen of the 21 DAB members who handle travel trailers were off last August's mark – some quite substantially. Even used sales fell into the minus column.

Grosses on the sales that were made, however, weren't bad. Most DAB members rated them good or fair. However, three dealers called them excellent. The market for this RV type hasn't collapsed, but apparently it stubbed its toe in August.

Year-to-date figures showed that the total for new units was a little behind last year's, while the total was a bit ahead for used units.

Truck Campers

New-units sales were up a bit in August, thanks to four DAB members who sold at least one unit this year and none last year. Used sales dropped considerably. Profits were rated good or excellent. Year-to-date, unit numbers were down a bit from '87.

Generally, this RV type is not doing too badly, but the surprising thing is that it's not doing fabulously. At a time when pickup-truck sales very nearly matched those of regular auto sales, it would seem that there would be a greater demand for campers. Perhaps manufacturers and dealers are missing a good bet

Folding Camping Trailers

In both new and used units, this type held its own with the figures of last August. A few dealers were up, and a few were down for the month. A rather surprising and unexplainable fact of the year-to-date figures was that most of the large dealers of this type were down in new-unit sales.

It was "clean-up" time for folding camping trailers, and profits generally were rated poor.

Fifth-Wheels

This has been a good year for fifth-wheels. Sales were only slightly up in new units for August, but the year-to-date's 20% increase was the best for any RV type sold by the DAB. The same went for used fivers, which came close to matching the new-unit increase.

Profit ratings for the month were about evenly distributed from excellent to fair. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	AUG. 1988	AUG. 1987	% CHANGE	1988	1987	% CHANGE	AUG. 1988	AUG. 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	154	142	+ 8	1,259	1,174	+ 7	175	118	+48	1,179	1,170	+ 1
TRAVEL TRAILERS	88	122	−28	960	997	− 4	116	122	− 5	925	906	+ 2
TRUCK CAMPERS	19	17	+12	152	174	−13	10	17	−41	82	97	−15
CAMPING TRAILERS	85	85	0	866	990	−13	40	40	0	326	299	+ 9
FIFTH-WHEELS	32	31	+ 3	274	229	+20	17	23	−26	180	152	+18

	FOR MONTH			YEAR-TO-DATE		
	AUG. 1988	AUG. 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$14,056,756	$11,835,407	+19	$113,046,663	$101,860,237	+11
TOTAL UNIT SALES	736	717	+ 3	6,203	6,188	< + 1
NEW-UNIT SALES	378	397	− 5	3,511	3,564	− 1
USED-UNIT SALES	358	320	+12	2,692	2,624	+ 3

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dassen,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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NOVEMBER 14, 1988

RVIA's Market Plan Stresses 'Open House'

The centerpiece of RVIA's 1989 Market Expansion Program, to be coordinated by the Burson-Marsteller public relations firm, will be a National Dealer Open House, according to B.J. Thompson, president of both the RVIA public relations committee and B.J. Thompson and Associates, Mishawaka, Ind.

Thompson explained that the National Dealer Open House will be a six-week spring promotion scheduled to run from April 8 to May 20. It will involve a nationwide consumer sweepstakes, slated to culminate in the campaign's final week, May 13-20, during which participating dealers will hold an open house and invite potential buyers to come in, view their products and register for one of several sweepstakes prizes.

Customers who register will be eligible to win one of 10 grand prizes, consisting of one week of free rental of an RV unit and one week of free campsite accommodations. Fifty Weber grills will also be given away as first prizes, and there will be 100 Polaroid cameras given away as second prizes. In total, nationwide there will be 160 prizes. Thompson added that the national campaign will be supported by a *USA Today* "advertorial," which will address the RV lifestyle in general and provide consumers with specifics on the national RV open-house celebration.

"Also built into the program," said Thompson, "is a plan that will provide incentives for dealer participation. Those who choose to participate will need to sign up for a promotion kit

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LOUISVILLE PRE-SHOW GUIDE: Our preview of the National RV Trade Show in Louisville, Ky., highlights events, seminars, exhibitor listings and floorplans. See page 93.

Second-Home Interest Deduction For RVs Under Attack Again

A proposal by a House conference committee would limit the total amount that a taxpayer can write off with a second-home interest deduction, renewing industry concern that the deduction now enjoyed by RV owners will become a prime target when Congress reconvenes in January.

In late summer, House conferees suggested a plan to limit the total second-home interest deduction to no more than $15,000 per year. Conferees estimated the proposal would produce an additional $15.1 billion in revenue from 1989-93.

"Although the impact from that proposal would not be extensive as far as RVs are concerned," said Ed Conway, assistant general counsel for RVIA, "what is interesting is that very few objections were raised. As a

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9 Huttle Named President of Airstream
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9 MARVAC Backs State Titling Of Truck Campers
10 Firan Acquires Two Canadian RV Makers
10 NHTSA Proposes Changes in RV Signal Lamps
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COVER PHOTO: LOUISVILLE CONVENTION & VISITORS
COVER COLOR: CUSTOM COLOR VISUALS

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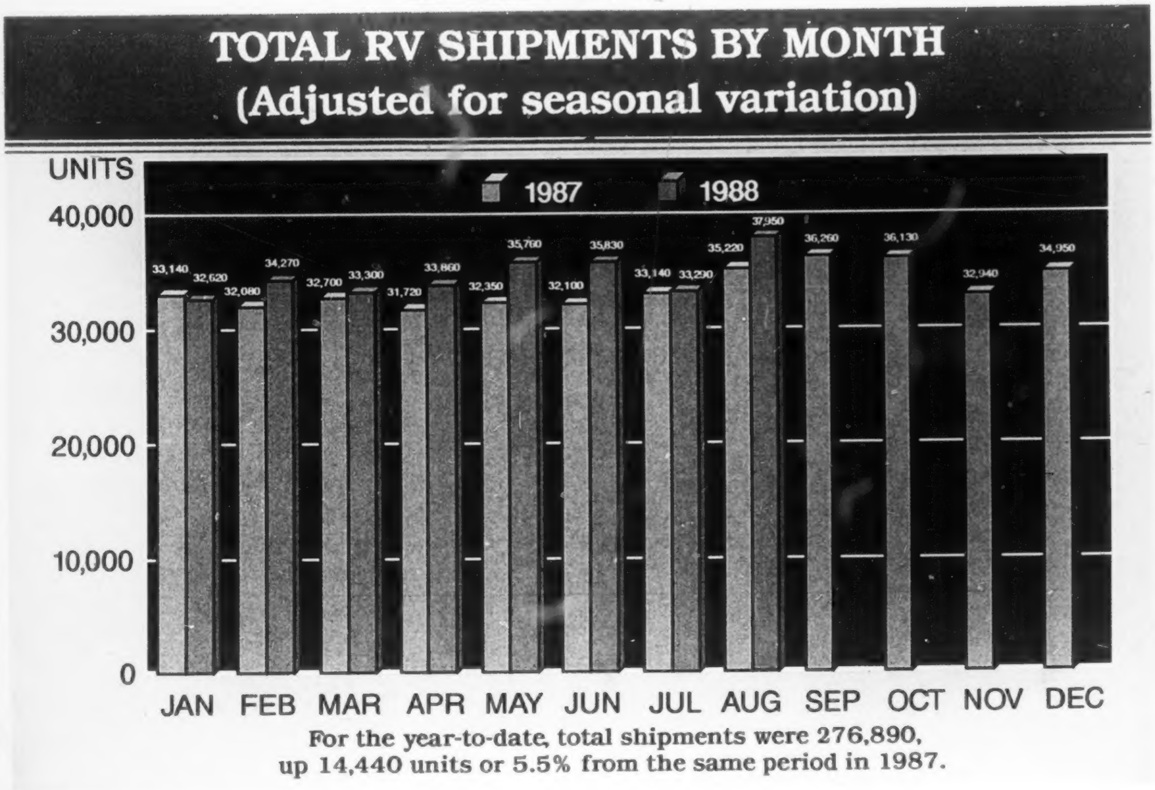
AUGUST GAINS, BUT IS IT REAL?

MORTON J. MARCUS


TOTAL RV SHIPMENTS BY MONTH
(Adjusted for seasonal variation)

For the year-to-date, total shipments were 276,890, up 14,440 units or 5.5% from the same period in 1987.

Figure 1

We are tempted to put a warning from the Surgeon General on this article — Caution: Statistical analysis can be hazardous to your business health. Reading beyond this point could cause you to believe wonderful things are happening in the RV business. Such good feelings could cause delusions of profits.

You have been warned! Now for August's good tidings:

In August, the industry shipped 35,300 units, according to RVIA. That was a good 8% increase over July before adjustment for seasonal factors. But after such adjustment, August's total was an even stronger 37,950 units, or a 14% increase over July.

Simply put, August appears to have been the strongest single month in more than three years.

We could go into the many facets of this sparkling good news. For example, this August was more than 2,700 units (7.8%) ahead of August of last year. *(See Figure 1.)* In addition, this August was nearly 24% ahead of August 1986. And for the year-to-date, shipments were more than 14,000 units (5.5%) ahead of the same eight-month period of last year.

But, whenever results, particularly those for a single month, are based strongly on statisical procedure, we have a duty to examine those results more closely.

The Industry in Detail

The strong showing for August was widespread. *(See Figure 4.)* Eight of the eleven RV types tracked were up during the month from July levels. Van conversions, in particular, did well. RVIA figures for August showed van-conversion shipments up by 7% from July, when our analysis of the seasonal patterns for van conversions would lead us to expect a decline of 12% as normal. Thus, on a seasonally adjusted basis, van conversions advanced by more than 20% in August.

Two other examples make the point even more clear. Conventional travel trailers usually decline by 18% between July and August; this year the decline in actual shipments was just 8%. Class C minimotorhomes usually advance by just 4% in August over July, but this year they jumped by 29% for the month.

This was not a normal August. Should we then discount the strong performances of August as an aberration? Probably not.

August was the seventh consecutive positive month for the industry. So far this year, only January has failed to match the same month of a year earlier. Thus, the strong increase in units shipped in August was consistent with the experience of the RV

GRAPHICS: CUSTOM COLOR VISUALS

industry for the whole year.

In addition, we need to see August in light of the less strong performance of July. July registered a very weak advance. The steady pattern of growth, demonstrated from March on, was broken in July. There was a progressive advance in shipments during the spring and early summer; then July came in well below June and just slightly up from a year earlier.

If we view the months of July and August together, neither is surprising. July shipments plus August shipments average out at 35,600 units, just about in line with May and June. Instead of seeing July and August as lows and highs, they are probably best seen as statistical twins, not identical but of the same origin.

At this point, before we declare August as a spectacular month and a sign of great things to come, it would be well to recognize that monthly data are always difficult to interpret. The end of a month occurs arbitrarily, and what happens on one or the other side of that dividing line is hard to understand as being very significant. For example, if you keep your books on a cash basis, a check on its way in the mail to you is not revenue for you, although it may be an expenditure to the check writer.

The Year Still Looks Strong

Although we cannot proclaim a breakout of good tidings, the data for August shipments did confirm the selective health of the industry in 1988.

As a group, towables were running more than 5,300 units ahead of 1987 by August, and they picked up a small amount of market share. *(See Figure 2.)*

Van conversions were close to 10,300 units ahead of last year at this time and made a 1.3-point gain in market share.

The van-conversion gain in market share was at the expense of motorhomes, which were the weak spot in the industry. As of August, motorhomes were down, but only by 1,200 units. There was no clear pattern to that decline: Class A units and Class C minimotorhomes were up, while Class B van campers, low-profile Class C's and micro-minis were down.

With all the good news from the August shipment data, we need to note that none of the motorhome types performed better in August 1988 than in August 1987. *(See Figure 3.)* Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

COMPARISON OF AUGUST 1986-88 RV SHIPMENTS

(Adjusted for seasonal variation)

	1986	1987	1988
Total RVs	30,620	35,220	37,950
Travel Trailers:			
Conventional	4,410	5,130	5,140
Park Models	740	630	520
Fifth-wheels	1,870	2,420	2,750
Folding Camping Trailers	2,870	3,520	3,510
Truck Campers	600	900	1,000
Motorhomes:			
Class A	2,640	3,710	3,320
Class B Van Campers	440	990	550
Class C:			
Minis	1,630	1,950	1,850
Low Profiles	270	200	130
Micro-minis	470	190	190
Multiuse Van Conversions	14,670	15,590	18,980

Detail may not add to total because of rounding.

Figure 3

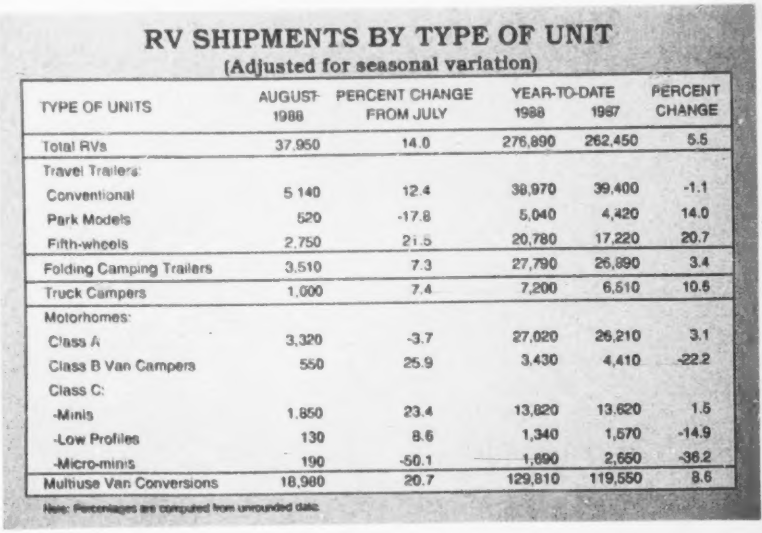
MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.00	100.00
Travel Trailers:		
Conventional	14.08	15.01
Park Models	1.82	1.69
Fifth-wheels	7.50	6.56
Folding Camping Trailers	10.04	10.25
Truck Campers	2.60	2.48
Motorhomes:		
Class A	9.76	9.99
Class B Van Campers	1.24	1.68
Class C:		
Minis	4.99	5.19
Low Profiles	0.48	0.60
Micro-minis	0.61	1.01
Multiuse Van Conversions	46.88	45.55

Detail may not add to total because of rounding.

Figure 2



RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

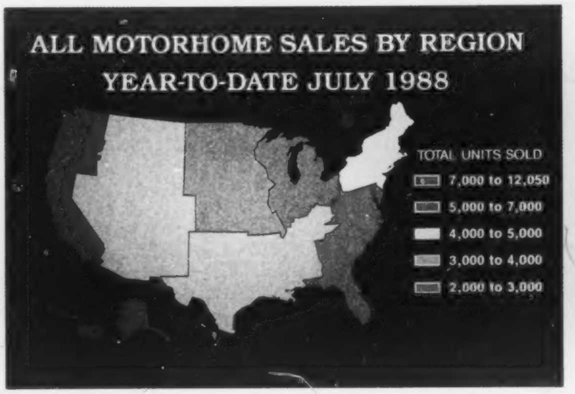
TYPE OF UNITS	AUGUST 1988	PERCENT CHANGE FROM JULY	YEAR-TO-DATE 1988	1987	PERCENT CHANGE
Total RVs	37,950	14.0	276,890	262,450	5.5
Travel Trailers:					
Conventional	5 140	12.4	38,970	39,400	-1.1
Park Models	520	-17.8	5,040	4,420	14.0
Fifth-wheels	2,750	21.5	20,780	17,220	20.7
Folding Camping Trailers	3,510	7.3	27,790	26,890	3.4
Truck Campers	1,000	7.4	7,200	6,510	10.6
Motorhomes:					
Class A	3,320	-3.7	27,020	26,210	3.1
Class B Van Campers	550	25.9	3,430	4,410	-22.2
Class C:					
-Minis	1,850	23.4	13,820	13,620	1.5
-Low Profiles	130	8.6	1,340	1,570	-14.9
-Micro-minis	190	-50.1	1,690	2,650	-36.2
Multiuse Van Conversions	18,980	20.7	129,810	119,550	8.6

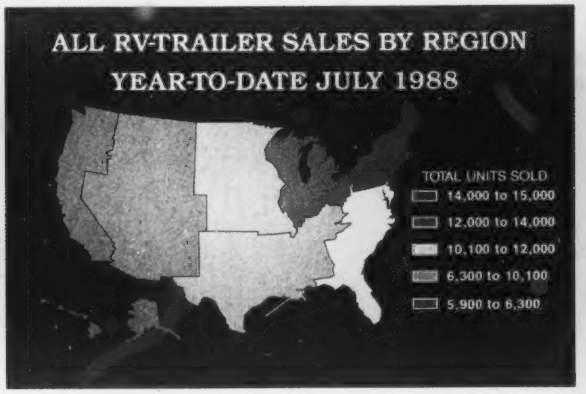
Note: Percentages are computed from unrounded data.

Figure 4

DROUGHT REFLECTED IN JULY MARKET DECLINE

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New-Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

This past summer, a number of RV industry members called to ask if the drought was hurting the industry. Based on the sales figures for July, which was in the middle of that dry spell, the drought certainly did not help the industry. Indeed, we believe that the drought was one of the factors that added to a market decline in July.

For example, the motorhome market had a nationwide decrease of 11.2% in sales for this July compared with July 1987. However, on a year-to-date basis, motorhome sales were still up 5.14% this July over the same seven-month period of '87.

The ranking of regions by the percent change in this year's July motorhome sales from July 1987 is shown in Figure 1. Within the highest-ranked Northeast region, Maine had the largest percent increase in motorhome sales. In the lowest-ranked South Atlantic region, Delaware reported the largest percent decline.

For the year-to-date, the seven national regions are ranked in terms of percent change from last year's period in Figure 2. Alaska had the largest positive percent change in motorhome sales for the top Pacific region. In the bottom South Atlantic area, Florida experienced the largest percent drop for the year-to-date.

Meanwhile, the RV-trailer market reported a 4.5% decline in unit sales in July compared with the same month last year. Year-to-date, RV-trailer figures still showed a 3.78% increase in July over the same period a year ago.

The motorhome market decreased 11.2% in sales compared with July '87.

A ranking of regions based on the percent change in this year's July RV-trailer sales from July '87 is detailed in Figure 3. Among the Northeastern states, Massachusetts recorded the largest positive percent change in RV-trailer sales for the month. In the Mountain region, the state of Nevada scored the largest percent decline from July 1987.

As shown in Figure 4, the West North Central region led six other regions ranked by the percent change in January-to-July

MOTORHOME MARKET

July '88 Rank	Region	% of Change From July '87	June '88 Rank
1	3.13	4	
2	Mountain	– 6.09	1
3	E.N. Central	– 6.16	3
4	S. Central	–12.18	5
5	W.N. Central	–12.50	7
6	Pacific	–14.25	2
7	S. Atlantic	–20.40	6

Figure 1

MOTORHOME MARKET

July '88 Year-to-Date Rank	Region	% of Change Year-to-Date	July '88 Rank
1	Pacific	11.77	1
2	Mountain	11.47	2
3	Northeast	6.86	4
4	E.N. Central	5.33	3
5	W.N. Central	1.04	5
6	S. Central	– 2.50	6
7	S. Atlantic	– 5.26	7

Figure 2

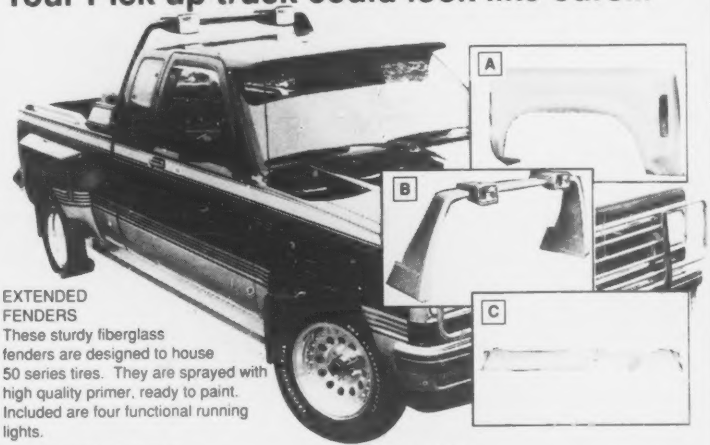
RV-TRAILER MARKET

July '88 Rank	Region	% of Change From July '87	June '88 Rank
1	Northeast	8.76	4
2	W.N. Central	.42	1
3	S. Central	– 2.80	2
4	Pacific	– 7.80	5
5	E.N. Central	– 8.20	7
6	S. Atlantic	– 9.41	3
7	Mountain	–13.20	6

Figure 3

GRAPHICS: CUSTOM COLOR VISUALS

Your Pick up truck could look like ours...



A EXTENDED FENDERS
These sturdy fiberglass fenders are designed to house 50 series tires. They are sprayed with high quality primer, ready to paint. Included are four functional running lights.

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RV-TRAILER MARKET

July '88 Year-to-Date Rank	Region	% of Change Year-to-Date	June '88 Rank
1	W.N. Central	12.95	2
2	Northeast	12.25	3
3	Mountain	12.20	1
4	Pacific	2.50	4
5	S. Central	1.25	5
6	E.N. Central	.26	6
7	S. Atlantic	– 5.00	7

Figure 4

sales compared with the same period last year. In that West North Central region, Nebraska had the greatest percent increase. In contrast, Florida recorded the largest (10.7%) decline in RV-trailer sales in the lowest-ranked South Atlantic area.

The July data indicated that some of the Northern markets, which normally have a strong sales season in the summer months, experienced a slower season this July. Because all other signs are positive, this is probably an indication that the industry may be set for a longer buying season in those Northern markets this year. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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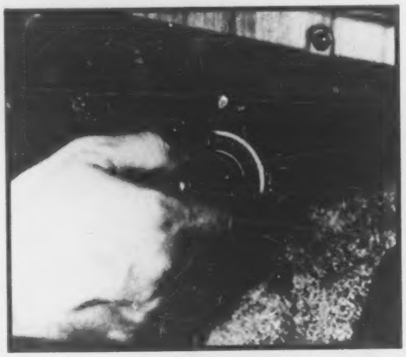

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BLUE CHIP CONSENSUS

ECONOMIC GROWTH TO SLOW IN 1989

ROBERT J. EGGERT SR.

In the Blue Chip Consensus' October 1988 forecast, year-over-year inflation-adjusted economic growth for 1989 was seen to be 2.5%. This was in sharp contrast to a predicted 4% gain in the output of all goods and services in the United States for this year.

When we polled our Blue Chip economists in July 1987 on factors that they expected to fuel economic growth in 1988, the two top vote-getters were "dollar down – exports up" and "capital spending turnaround." While right on the money, both outperformed earlier expectations, and both were expected to continue strong. However, the economic steroids of debt – international, federal, corporate and household – were a major factor in the group's more conservative look ahead this October (4% percent growth in 1988 vs. 2.5% in 1989).

Yes, a possible recession looms in 1989 or 1990, but clearly not a depression.

'89 Inflation to Be Double Growth

Our group of 51 economists' latest look at inflation in 1989 was shaded back a bit from earlier forecasts but still was in the near-5% range. The slide in oil prices and recent weakening in farm commodities and gold prices may have lulled some into the belief that the inflationary threat was easing. Not so, said the majority of the group – at least not until late in '89.

Interest Rates Up Through Mid-'89

The continued threat of inflation and the strong demand for funds were expected to push interest rates high through mid-1989. After that, as the economy weakens and inflationary pressures ease, rates were expected to drift lower. Treasury bills (three-month) were predicted to be back down by half a percentage point from next spring's peak, and new-home mortgage rates were forecast to return to current levels.

Long-Range Economic Trends

At this time of year, we repeat our popular semiannual (March and October) survey of long-range economic projections. In the chart below, you will find projections for the years 1990 through 1994 and five-year averages for 1990-94 and 1995-99. Here are the five-year consensus projections for three key variables out of a total of 15 parameters:

	Actual	Forecasts		Projections	
	'87	'88	'89	1990-94	1995-99
Variable	% Change Full Year-Over-Prior Year				
Real GNP	3.4	4.0	2.5	2.6	2.7
GNP Implicit Deflator	3.3	3.3	4.4	4.2	4.0
CPI	3.6	4.1	4.9	4.4	4.3

The above article was written by Robert J. Eggert Sr., president of Eggert Economic Enterprises Inc., whose unique forecasting method derives from his monthly telephone polling of some 75 top economists. He reports what they say individually and gives a consensus of not only the current year but the year ahead as well. His address is P.O. Box 1569, Sedona, Ariz. 86336; or phone toll free, (800) 872-2000, ext. 653.

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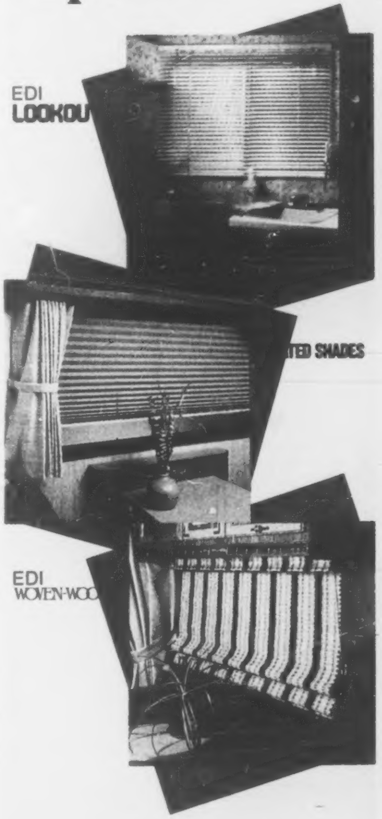

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DECEMBER 2, 1988

7 HRC Closes CAMP Industries, Holiday House

7 Gulf Stream Unveils Employee 'Country Club'

7 Coleman to Buy Faulkner Mfg.

8 Sealand, Thetford Differ on Calif. Regulation

8 Altman Wins Suit Against Cruise America

9 Micro Chassis Price Soars

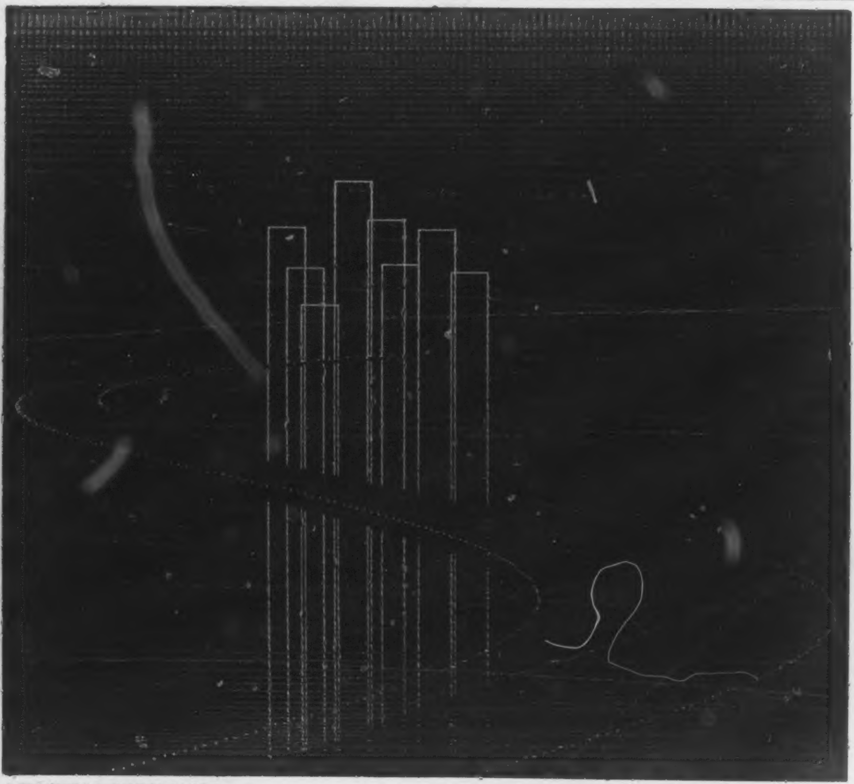
9 WDA Picks Roba As Its 'Man of Year'

11 Solar Power Seeks Expanded Industry Role

12 Economic Panel Gas-Tax Plan Would Hit RVs

13 Are Membership Campgrounds Turning Corner?

14 Winnebago Buys Back Spectrums



LOUISVILLE SHOW GUIDE: "One good reason to attend . . . profit" is the theme of this year's 26th Annual National RV Trade Show in Louisville, Ky. To make the RVIA-sponsored show an even more profitable experience for attendees, *RV Business* is offering a comprehensive special section, complete with floorplans, exhibitor listings, an events calendar and a guide to Louisville's wide array of restaurants. See page 90 for show details.

Fifth-Wheels Dominate Dodger Show

Apparently responding to the soaring popularity of pickup trucks, a host of RV manufacturers unveiled an impressive number of new fifth-wheel travel trailers during the two trade days, Nov. 1-2, of the RVIA-sponsored L.A. RV Show at Dodger Stadium.

The spate of new fivers was a direct response to strong fifth-wheel sales, manufacturers indicated. Annual fifth-wheel shipments grew from 6,300 to 27,100 units between 1980 and 1987. Current-year retail activity was up a full 18.5% through July, according to Statistical Surveys Inc., Grand Rapids, Mich., compared with a less stellar 5% increase in travel-trailer sales during the same period.

Echoing the sentiment of many OEMs at Dodger Stadium, Robert "Boots" Ingram, board chairman of Teton Homes, a high-end fifth-wheel maker in Casper, Wyo., stated, "Our market in fifth-wheels has been fantastic. This year, we'll be up about 35%. And our expectations for next year are nothing but up. We feel very confident the market is going to hold."

Show attendees were presented with a wide price range for the new fifth-wheels. For example, while Lance Camper Manufacturing Corp., Pacoima, Calif., unveiled a 23-foot rear-bath fiver for midsize pickups, Teton rolled out a big 40-foot triple-axle "quad level" unit with double slide-outs, washer/dryer, twin air units and microwave, which retails in the "low $50,000s."

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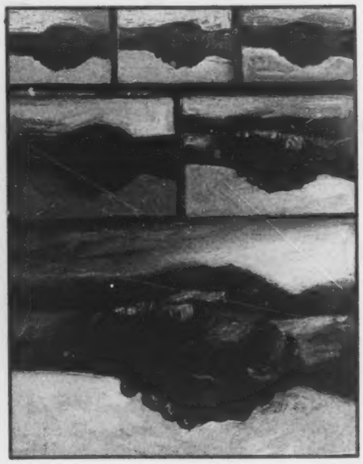

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What's in a Name? 20
An RV by any other name does not always sell so sweetly. Manufacturers discuss how they select company and product-brand names.

Polishing Your Public Image 38
Dealers and experts share ideas on how to use public relations to win community and customer goodwill.

Employee Testing 49
Employee tests can help dealers avoid putting square pegs into round holes when hiring or making other personnel decisions.

Louisville Show Section 90
This special section on the National RV Trade Show in Louisville, Ky., features floorplans, exhibitor lists, an events calendar and a guide to local dining.

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DAB PERSPECTIVE

SEPTEMBER WAS A REAL 'BUMMER'

GAYLORD MAXWELL

September was a difficult month for most dealers on RVB's Dealer Advisory Board (DAB). In fact, compared with the previous September, it was a real "bummer."

For the first time this year, the monthly dollar-sales volume for the month was less than for the corresponding month last year. Fifteen of the 23 members of the board fell short of last year's numbers. Both new- and used-unit totals were down. The three largest categories of RV types (motorhomes, travel trailers and camping trailers) were down in new-unit sales. Motorhomes and camping trailers failed to make the plus column in used units. Bottom lines were reported poor by more than half the DAB members, and most of the other members called them only fair. Lot traffic generally had fallen off.

In spite of all the bad news, there were some good signs. Eight (35%) of the DAB members were up in dollars taken in. Grosses were reported generally good on travel trailers and used units. The service and accessory business was good. Inventories were generally in good shape.

All in all, it wasn't a disaster, but it was one of those months that most dealers hope won't soon be repeated.

Motorhomes

It has been a good year for most motorhome dealers on the DAB. However, in September, only two of the 18 members (both very large dealerships) who stock motorized units managed to top last September's figures. Nine were down; seven stayed the same. But even with the substantial drop in September in new-unit sales, the year-to-date figure was still well ahead of last year.

Quite surprisingly, used units dropped into the minus column (1% down) for the year-to-date.

Motorhome profits were generally a bit on the soft side, with ratings ranging from good, down to poor.

Travel Trailers

The 21 DAB members who stock travel trailers were about equally divided between those who were up from the previous September and those who were down. In most cases, differences were slight, and the total number of new units sold was only about a dozen less than last September. The significance, however, was the fact that, after a good start in the early part of the year, sales tapered off, and the year-to-date figure was slightly down compared with 1987.

Used-unit sales were up a bit for the month, as they were for the year-to-date.

Profits were generally rated good.

Truck Campers

Although the unit numbers were small, new truck-camper sales were up a bit in percentages for the month. Of the 10 DAB members who reported new-unit sales this year, only three reported sales in September. Used units held their own with last year. Year-to-date, the numbers weren't so good. Both new and used sales were down.

Profits were rated fair, good and excellent by the three reporting dealers.

Folding Camping Trailers

It has been a struggle all year for folding camping trailer dealers, and September differed only in that sales were worse than they had been. However, the large percentage drop for the month primarily represented substantially fewer sales by two large fold-down dealers. Year-to-date, the figures were not so bad, even though they were smaller in '88 than they were last year.

Used units of folding camping trailers were down for the month, but they were still up slightly for the year-to-date.

Profits were generally rated fair to poor.

Fifth-Wheels

In terms of percentages, fivers are proving to be the real champions this year. The very substantial increases for the month in both new and used units were very close to the year-to-date figures, which were indeed impressive.

Some of the increase was due to the very serious entry of two DAB members into the fifth-wheel business. However, most of the 16 DAB members who stock this RV type were up from the previous year.

Profits were rated about equally between excellent, good and fair. Δ

	[illegible]						[illegible]					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	SEPT. 1988	SEPT. 1987	% CHANGE	1988	1987	% CHANGE	SEPT. 1988	SEPT. 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	113	139	−19	1,437	1,311	+10	101	132	−23	1,278	1,295	−1
TRAVEL TRAILERS	76	88	−14	1,036	1,085	−5	100	97	+3	1,025	995	+3
TRUCK CAMPERS	19	17	+12	181	191	−5	9	9	0	91	130	−30
CAMPING TRAILERS	35	55	−36	[illegible]	1,045	−14	17	27	−37	343	326	+5
FIFTH-WHEELS	29	20	+45	336	237	+42	17	8	+113	208	151	+38

	[illegible]			[illegible]		
	SEPT. 1988	SEPT. 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$10,097,500	$11,089,146	−9	$123,151,661	$112,152,485	+10
TOTAL UNIT SALES	516	592	−13	6,836	6,766	+1
NEW-UNIT SALES	272	319	−15	3,891	3,869	+1
USED-UNIT SALES	244	273	−11	2,945	2,897	+2

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dasson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washb[illegible]n,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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RV BUSIN

DECEMBER 16, 1988

New Ford, GM 'A' Chassis Off To Slow Start

Ford Motor Co. has announced that it will delay the introductions of its new 16,000-pound gross vehicle weight Class A chassis, although it has been taking orders for the new units.

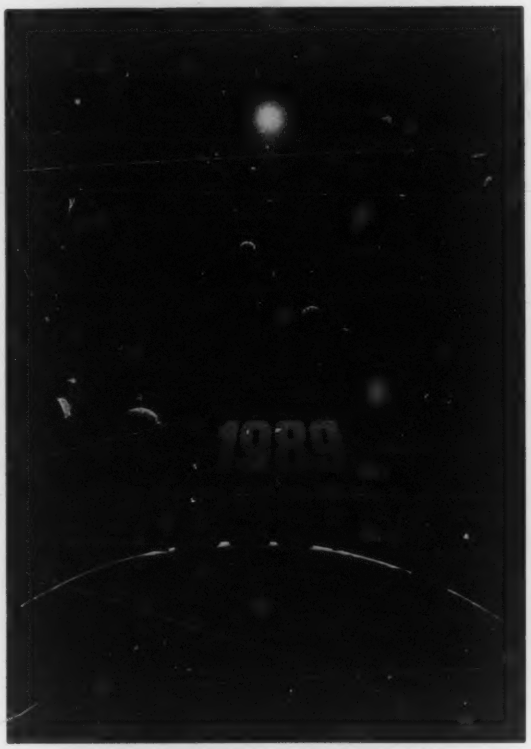
Detroit, Mich.-based Ford had planned to begin producing its new Class A unit in November but is now targeting Jan. 23 for production start-up, according to sources. The production delay, reportedly, is not due to any major chassis problem but stems from minor engineering issues.

Meanwhile, General Motors (GM) Corp. confirmed that it has been slow in starting up production of its 16,000-pound chassis, which sources attribute to slow orders due to seasonal factors. Although GM said all engineering work is completed and all parts released for use, the company had built only 14 chassis as of late November.

A GM source said, "The market is a little soft out there, and inventory is high on the manufacturers' side. It's not indicative of a major problem. Traditionally, manufacturers wait until the Louisville Show to get a reading of dealers' attitudes, and you don't see much of an increase or decrease in orders until after the show. Then you can make a better forecast of chassis needs."

However, the slow start-ups for bothFord and GM could mean that they will miss a major opportunity to capitalize on the spring RV market, while providing John Deere's smaller Class A chassis with a competitive reprieve.

continued on page 8



1989 INDUSTRY FORECAST: This special section includes the predictions of analysts and RV executives for the RV industry in the year ahead. See page 23.

RV Industry Hails Bush Election

The election of George Bush as the 41st president of the United States was greeted with enthusiasm throughout the industry. A number of industry members said they believe an ongoing Republican administration will favor the agenda of the business community.

"Of course, it is too soon to tell exactly what a Bush administration is going to mean for our industry," said Jerome C. Loftus, general counsel for RVIA. "What is known is that Bush has been a friend of the industry and a friend of outdoor recreation. Also, he is the one who spearheaded the regulatory relief efforts under President Reagan, so I can't help but believe that he is going to continue to be a friend of the industry. But it is too early to tell exactly which way things will go in his administration."

Elden Smith, vice president of the Riverside, Calif.-based Fleetwood Enterprises Inc.'s RV Group, said: "I view Bush's victory as a very positive development. The prospect of having someone like George Bush as President, someone who has been a lifelong outdoorsman, is

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7 Small Converters Report Chevy Chassis Delays

7 RV Makers Boost Foreign Trade Efforts

7 Coachmen Buys Good Times Van

[illegible] Coachmen Drops Upscale Royal Coachmen Unit

10 NHTSA Probes Brake Defect in GM Trucks

8 Mallard Debuts Price Stickers On Class A's

9 RV Licensing Concerns Renewed

[illegible] CAS Steps Up Recall Of LeSharo/Phasar

9 Royal Motor Coach to Work On Wanderlodges

11 Firm Offers No-Frills Park

12 New Canada Firm Introduces Mini, Class A in U.S.

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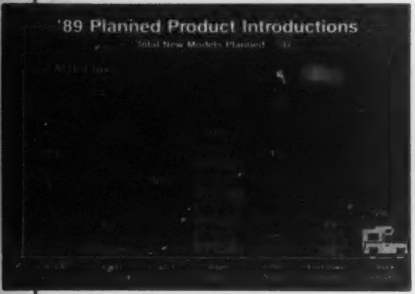

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COVER ART: RON RUSSELL/STOCK IMAGERY

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This special section includes Indiana University's econometric forecast of the 1989 economy and RV market; next year's industry outlook according to executives of the Top 20 RV manufacturers; and a feature article on the impact of Wall Street's RV industry analysts.

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Industry Oracles 28
Van Customizers 34

Van converters who also specialize in custom-made units describe their small but potentially lucrative niche market.

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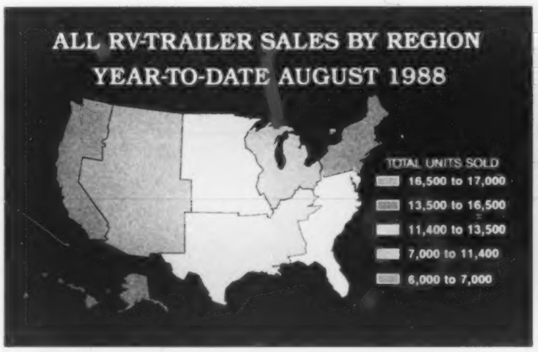
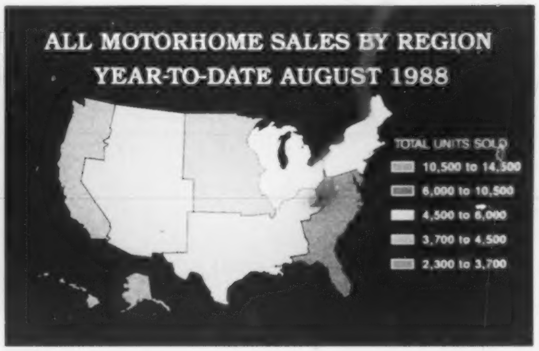
AUGUST PULLS OUT OF SUMMER SLUMP

THOMAS WALWORTH



ALL RV-TRAILER SALES BY REGION
YEAR-TO-DATE AUGUST 1988



ALL MOTORHOME SALES BY REGION
YEAR-TO-DATE AUGUST 1988

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin. **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont. **Pacific**: Alaska, California, Oregon, Washington, Hawaii. **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

As the national show season draws near, there is a great deal of interest in the 1988 year-to-date numbers.

Without a doubt, the summer of 1988 did hurt RV sales, and the motorhome market seemed to suffer more than the trailer market. However, the Northeast remains strong for RV trailers, based on retail registrations and a year-to-date comparison of the percentage increase in sales, while the Pacific remains strong for motorhome sales.

In August, the motorhome market had a nationwide decrease in sales of 8.5% from August of last year. But a year-to-date comparison put the market at 3.5% above the same period in 1987.

Figure 1 shows seven regions ranked by the percent of change in motorhome sales from August 1987. Within the highest ranked Pacific region, California had the largest positive percent of change in sales. In the lowest-ranked South Atlantic region, Virginia experienced the largest percentage decline.

Figure 2 shows the same regions ranked by the percent of change in sales for the year-to-date compared with the same eight-month period of 1987. Alaska had the largest percentage increase in the leading Pacific region. In contrast, North Carolia reported the largest negative percentage change in the bottom-ranked South Atlantic area.

Meanwhile, the RV-trailer market in August 1988 registered a 1.73% increase in unit sales compared with August 1987. And for the year-to-date, RV trailers experienced a 3.53% increase compared with 1987.

Figure 3 shows the nation's main regions ranked by their percentage change in sales in August 1988 compared with the same month last year. Among the Pacific states, Alaska reported the largest positive percent of change in trailer sales. For the Mountain region, Colorado experienced the largest decline in August.

The regional year-to-date rankings for RV trailers are shown in Figure 4. In the top-ranked Northeast region, Maine had the greatest percentage increase compared with 1987. At the other end of the spectrum, North Carolina came in with the greatest decline in trailer sales in the lowest-ranked South Atlantic region.

Although there were some declines, it can be concluded from August's figures that the industry is pulling itself out of the July slump.

While the motorhome market was down for the month when compared with August 1987, it still had a 24% improvement compared with the market's July percent of change. The RV-trailer market moved from a 4.5% decline in July to a positive 1.73% increase in the month of August. Both the motorhome and RV-trailer markets continued strong, based on a year-to-date comparison.

As a result, we are looking forward to the third-quarter numbers of September. Δ

MOTORHOME MARKET

August '88 Rank	Region	% of Change From Aug. '87	July '88 Rank
1	Pacific	+11.50	6
2	Mountain	+ 5.33	2
3	W.N. Central	− 9.03	5
4	E.N. Central	−10.90	3
5	Northeast	−17.90	1
6	S. Central	−18.20	4
7	S. Atlantic	−27.60	7

Figure 1

August '88 Rank	Region	% of Change Year-to-Date	July '88 Rank
1	Pacific	+12.30	1
2	Mountain	+11.67	2
3	E.N. Central	+ 3.25	4
4	Northeast	+ 3.20	3
5	W.N. Central	− .08	5
6	S. Central	− 4.67	6
7	S. Atlantic	− 8.91	7

Figure 2

RV-TRAILER MARKET

August '88 Rank	Region	% of Change From Aug. '87	July '88 Rank
1	Pacific	+21.80	4
2	S. Atlantic	+ 7.66	6
3	Northeast	+ 5.02	1
4	S. Central	− .76	3
5	E.N. Central	− 3.10	5
6	W.N. Central	− 7.30	2
7	Mountain	−24.70	7

Figure 3

August '88 Rank	Region	% of Change Year-to-Date	July '88 Rank
1	Northeast	+11.30	2
2	W.N. Central	+10.30	1
3	Mountain	+ 5.11	3
4	Pacific	+ 4.93	4
5	S. Central	+ 1.08	5
6	E.N. Central	− .02	6
7	S. Atlantic	− 3.66	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

FEATURE

1989 FORECAST

RV industry is expected to grow slowly in '89

MORTON J. MARCUS

Figure 1

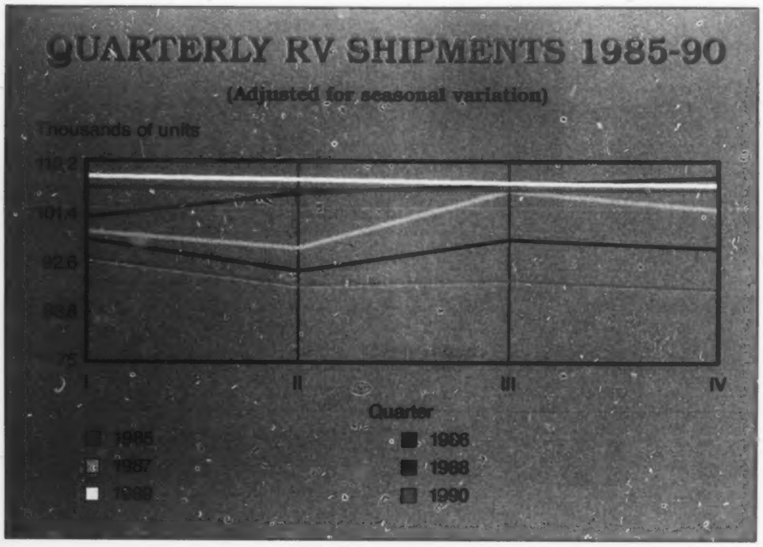
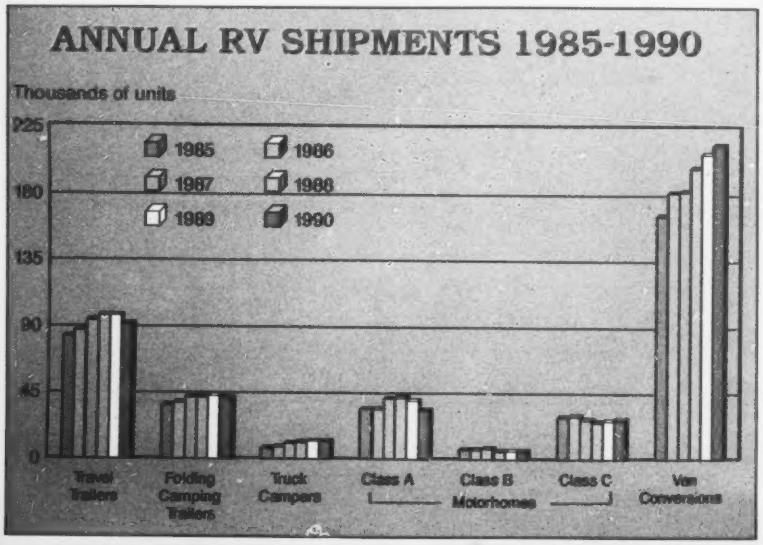


Figure 2



A slowdown in the growth of the national economy during 1989 will be mirrored in a slowing of the growth rate for the RV industry. This is the main conclusion drawn from the most recent Indiana University forecast for the RV industry.

Industry Overview: 1988-90

1988 is now estimated to close with just under 421,000 units shipped, *up* more than 19,000 units, or 4.8%, from 1987. Yet this was half the amount of growth witnessed in 1987, when total shipments advanced by more than 38,000 units. Next year, the growth in shipments again is expected to be half that of the prior year, gaining just 8,400 units for a 2% increase in 1989 over 1988. If all goes as expected, total shipments for 1989 will then reach nearly 430,000 units.

Preliminary indications for 1990 growth are less optimistic. A slight downward pattern of quarterly shipments is seen in Figure 1. Adjusted for seasonal patterns, the first quarter of 1989 may be the current peak for total shipments, after which there is a slight decline, leading to a flat profile of shipments during much of 1990.

Although it is too early to provide a clear picture of 1990, first impressions indicate no major forces to move the RV industry either upward or downward. A portion of the gains made in 1989 are forecast to be lost, with total shipments for 1990 still coming in above those of 1988.

The Detailed View

1989 will be a flat year for towables and motorhomes. Some segments will be up, and some will be down, but the total amount of movement will be small. *(See Figure 2.)*

Towables, which are estimated to close 1988 with a growth of 4,000 units, are forecast to add just 1,500 units in 1989. That is a growth rate of just 1% and well within the margin of forecasting error, so we might as well call it even for the two years.

Motorhomes are estimated to decline by 2,400 units in 1988 after hitting nearly 75,000 units in 1987. That decline is anticipated to continue in 1989, with a smaller drop of 1,900 units.

Van conversions, by contrast, are estimated to advance by more than 15,000 units (8.4%) by the close of 1988. However, that growth will slow to an increase of less than 10,000 units (less than 5%) for 1989.

The easiest way of summing up 1989 is to say that the higher the price tag, the less likely the advance. Travel trailers, for example, are expected to do about the same amount of volume next year as in 1988. In contrast, folding campers are expected to do just a bit more volume in '89, and a good percentage advance (11%) is expected for

GRAPHICS: CUSTOM COLOR VISUALS

Figure 3

ANNUAL GROWTH RATES AFTER ADJUSTMENT FOR INFLATION	1987 Actual	1988 Estimated	1989 Forecast	1990 Forecast
Gross National Product	3.4	3.8	2.4	1.3
Consumer Spending	2.7	2.6	1.8	0.9
Business Investment	2.8	10.3	7.5	5.2
Residential Investment	0.1	– 2.5	0.6	–3.0
Exports	13.1	17.2	6.9	4.2
Imports	7.9	7.5	4.4	3.9
Government Purchases				
Federal	1.7	– 3.1	–0.3	–0.4
State & Local	3.3	2.8	3.1	3.0

Figure 4

KEY FACTORS IN THE FORECAST	1987 Actual	1988 Estimated	1989 Forecast	1990 Forecast
Prime Interest Rate (%)	8.2	9.4	11.7	13.3
Value of the Dollar (1973=100)	96.9	92.5	89.6	85.9
Unemployment Rate (%)	6.1	5.4	4.8	4.8
Percent Change at Annual Rates:				
Money Supply (M2)*	6.5	5.1	4.0	5.0
Real Disposable Personal Income	1.7	3.4	2.4	2.0
Consumer Price Index	3.7	4.1	5.1	5.8
Food & Beverage Prices	4.1	4.3	7.4	7.5
Motor-Fuel Prices	4.0	1.3	2.6	5.1

*M2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

truck campers, although the actual volume growth of this small sector will be only 1,200 units.

The same pattern holds for motorhomes. Class A motorhomes are expected to decline from 41,800 units shipped in 1988 to 39,300 units next year. Meanwhile, Class B and C units are forecast to have modest gains of 2% each in '89.

For 1990, however, these early forecasts indicate declines in all segments of towables and motorhomes, except for Class C minimotorhomes.

The variations observed in the different segments of the RV market are due to the very different responses of these units to changes in interest rates, disposable income and general economic conditions.

The National Economy

When the books are closed on 1988, real gross national product (GNP), the value of all goods and services produced in the American economy after adjustment for inflation, is projected to be up by nearly 4%. *(See Figure 3.)*

The growth rates forecast for 1989 and 1990 are lower but still positive. No recession is forecast, but that possibility cannot be ruled out.

Consumer spending is expected to be very sluggish in the next two years, and whatever strength the economy will have is likely to come from business investment and export activity. Both of these sectors, however, will not have the strong expansionary influence they have had in 1988.

Figure 5

ANNUAL TRENDS	1987 Actual	1988 Estimated	1989 Forecast	1990 Forecast
Unit Auto Sales (millions)	10.3	10.6	9.8	9.1
Housing Starts (millions)	1.6	1.5	1.3	1.2
Federal Budget Deficit (billion $)	157.8	135.0	115.0	132.9
Percent Change in Compensation per Manhours	4.6	4.9	5.8	6.5
Productivity	1.0	1.1	–0.3	0.0
Unit Labor Costs	3.6	3.8	6.1	6.5
(Compensation Less Productivity				

Figure 6

ANNUAL RV SHIPMENTS 1985-90 Year	Total RVs	Percent Change
1985	359,500	
1986	380,500	–5.8
1987	401,700	10.6
1988	420,900	4.8
1989	429,300	2.0
1990	423,100	–1.4

Further, residential investment and federal government spending are both expected to decline in 1989 and 1990, putting a drag on economic growth.

Factors Behind Slow Growth

The reason GNP is expected to advance only moderately in the next two years is that a tight monetary policy is anticipated.

The Consumer Price Index (CPI) is expected to show inflationary pressures, rising by more than 5% again, because of the falling dollar and higher food prices. These factors will cause the Federal Reserve System to restrain the growth of the money supply *(see Figure 4)* as the unemployment rate bottoms out and indicates a full-employment situation.

A tight monetary policy, with continued business investment, will lead to higher interest rates. The prime rate is predicted to reach double-digit levels again. As ever, higher interest rates will slow consumer spending on such items as RVs. These same higher interest rates also will slow the demand for autos and residential construction, so both 1989 and 1990 are expected to be down years for auto sales and housing starts. *(See Figure 5.)*

In 1989, the federal budget deficit should fall as the new administration and Congress follow through with plans already in place to cut spending, but, unfortunately, rising interest rates and a slowing economy will tend to raise the deficit again by 1990. Inflationary pressures will push up compensation per manhour, but, with no productivity growth anticipated, unit labor costs will also rise and provide a cost-push aspect to inflation.

Summary

The RV industry is expected to grow again in 1989, but a squeeze is forecast to take hold during the year, which will lead to a moderate decline in shipments for 1990. *(See Figure 6.)* That forecast is based on the assumption that the forces of inflation will continue to cause a monetary policy of higher interest rates.

Aggressive action on the federal budget deficit, which is being encouraged by every politician, could be just the wrong medicine for an economy nearing a recession in the next two years. But policymakers have left themselves little leeway. The nation learned to read the lips of its favorite candidate in the autumn of 1988. Where selective tax increases could have been used to reduce the deficit, that option is now less feasible. That leaves only two deficit-reduction tools: spending cuts, which are politically difficult to implement, and higher interest rates, which will cut into the very heart of the economy and defeat some of the beneficial effects of spending cuts.

To sum up, while the health of the economy should always be the center of attention, political forces have unfortunately focused on the federal budget deficit, and attempts to correct that budget problem could lead to even greater difficulties as we enter the next decade. Δ

This forecast is specifically produced for RV Business *by the Center for Econometric Model Research at Indiana University. The national forecast was prepared under the direction of Professor R. Jeffery Green, with the RV forecast developed by Lee A. Craig. The text and interpretation are the responsibility of Morton J. Marcus, director of the Indiana Business Research Center at the Indiana University School of Business.*

FEATURE

TOP 20 PROGNOSIS

More than 70% of the polled manufacturers are confident about industry and company growth in the new year

GAIL FONTANA

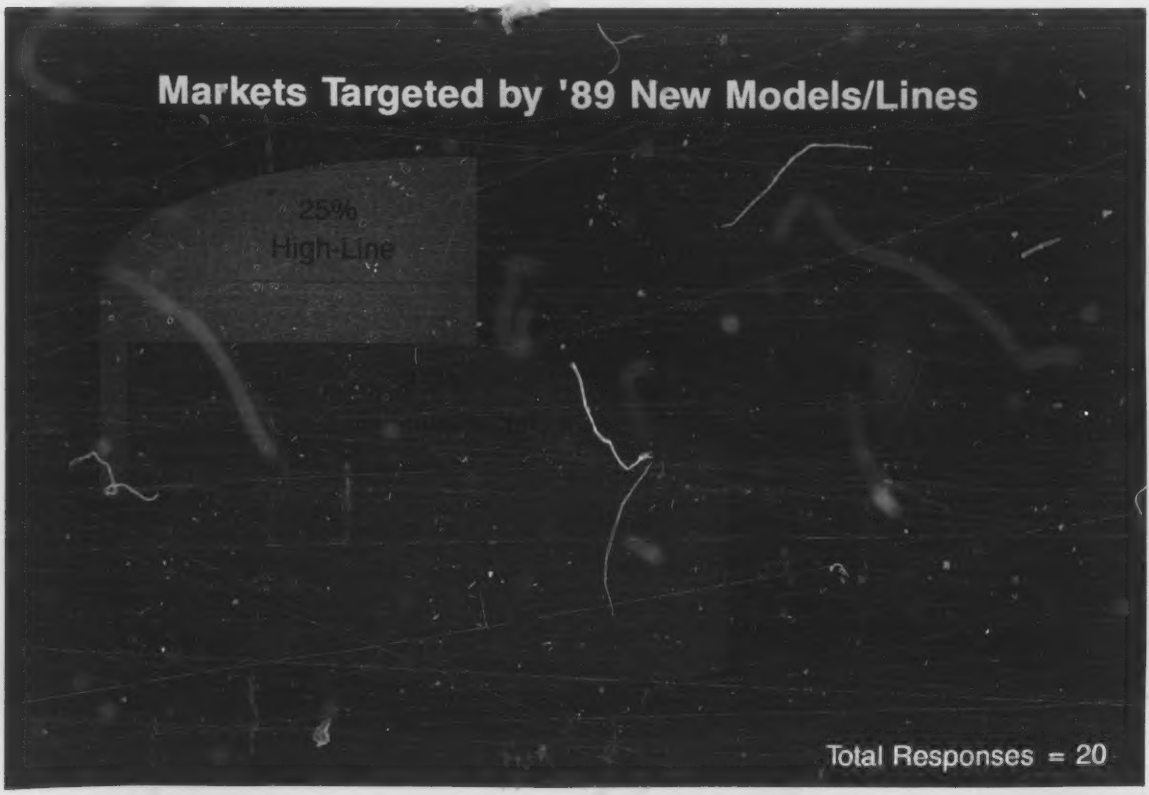
Maybe it is because they are wearing rose-colored glasses, but 83% of the Top 20 RV manufacturers in the country say they anticipate a good year in sales in 1989. And, with not much time left before the new year, those manufacturers already are working toward ensuring that goal.

RV Business surveyed a Blue Chip Panel of the Top 20 RV manufacturers in the country, based on a July 1988 ranking by Grand Rapids, Mich.-based Statistical Surveys Inc. *(See table 1 on page 27.)* All but two of the firms responded to an RVB questionnaire about their plans and expectations for the coming year. Although this should not be viewed as a scientific study, the results should be of interest.

Seven firms, or 39%, anticipate overall 1989 RV-industry sales to be up from 1988 by about 0%-3%; 22% expect sales to rise by 4%-6%. Two firms expect industry sales to remain the same as last year, and only one manufacturer expects sales to decrease by 10% or more. The optimism of this survey is in contrast to a report made earlier in the year by John DeWolf, economic consultant for the Recreation Vehicle Industry Association, Reston, Va., who predicted that RV shipments would decline in 1989 to levels about equal to those of 1987.

Some 89% of the manufacturers believe their own company's sales will increase in 1989 over 1988, and seven firms, or 41% of those who responded, say the increase will be a whopping 10% or more. Four firms, or 24%, anticipate a 4%-6% increase; 24% expect a 7%-9% increase. Only one company projects that its sales will decrease by 10% or more, and one company expects that its sales will remain the same. *(See figure 3 on page 27.)*

As an example of the kind of upbeat '89 outlook among the Top 20, a spokesman for one firm says that his company projects



GRAPHICS: CUSTOM COLOR VISUALS

Figure 1

sales growth that will be more than double that of the industry. Another manufacturer says his company's sales will continue to grow at a higher rate than that of the industry, due to better market penetration.

Apparently, few firms figure that unit price hikes, either caused by raw-material price increases or other factors, will detract from their sales, even though 94% of companies who responded to the questionnaire report that their average unit price is expected to increase in 1989. Fifty-three percent of the respondents expect the average unit price to rise by 0%-3%, about the same percentage increase as generally forecast for raw-material prices.

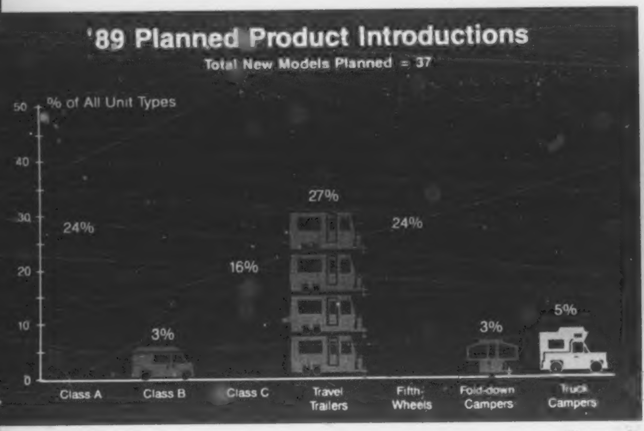


Figure 2

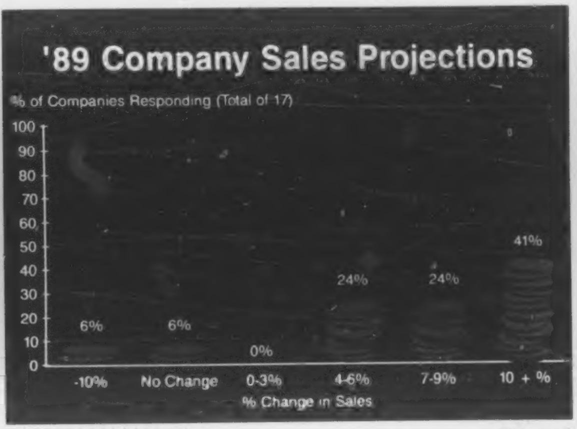


Figure 3

Among the more price-conscious, a spokesman for one firm does say, however, that "through better efficiencies and technologies, we expect to hold price increases to a minimum."

While one company spokesman holds rising interest rates accountable for a temporary rise in unit prices, most blame raw-material price hikes. A full 89% of the surveyed firms projects that supplier prices will rise by about 0%-5%. Only one manufacturer foresees a rise of between 6%-10%. Not one company expects supplier prices to decrease, but two companies do believe prices will remain the same as in '88.

Manufacturers and suppliers say they are preparing for hikes in steel prices, copper, fiberglass and chassis prices. Aluminum price hikes were anticipated earlier in 1988, but prices have since stabilized, and some analysts even foresee a slight drop in aluminum prices by the end of the first quarter of 1989.

Consistent with their rosy view of the '89 market, most of the Top 20 RV manufacturers say they are planning major product introductions for 1989. *(See figure 2 on this page.)* It is interesting to note that, although travel trailers have not been doing well in recent shipment figures, that is where the bulk of the new units will be, with 27% of the new-unit introductions. Class A's and fifth-wheels will each account for 24% of the new units; 16% of the new '89 models will be Class C's.

Of these new units, 40% will be targeted at entry-level buyers, while 35% of the new lines models will be introduced to the mid-priced market. Only 25% of the new units will fall into the high-line category. This means that most of those new units will be in the price range most attractive to first-time buyers. *(See figure 1 on page 26.)*

Sunline Coach Co., Denver, Pa., for one is planning to introduce both medium-priced and entry-level units, including travel trailers and fifth-wheels, into the RV marketplace in order to attract new buyers.

Middlebury, Ind.-based Jayco Inc.'s Chuck McKinney, national sales manager, says that his firm will introduce travel trailers and that Jayco plans "to be very aggressive toward the '89 market, with new products, more sales training and more sales tools." He continues, "We are enjoying a very good sales momentum and have made plans for this to continue."

McKinney seems to sum up the general feeling among the other manufacturers, who, for reasons such as more and better product and increased consumer concentration, say they believe that 1989 will be a good year for themselves and the industry.

Product quality and consumer care are the leading concerns among the Top 20 manufacturers as they head into the new year. "Quality and increased focus on customer satisfaction will continue to be a high priority," notes one respondent, "which in turn will increase sales and give added benefits to the customer through improved products."

Other areas of concern in 1989 include current chassis availability, which one firm calls a "quagmire for manufacturers." The firm's spokesman emphasizes that an adequate supply of chassis is imperative if manufacturers are to offer dealers all types of units for their customers. The chassis problem, he reports, creates planning difficulties: What quantity of chassis should manufacturers request at the onset of production?

Several respondents also cite controversy over show dates and new-model introductions. One spokesman proposes that the industry should join together to cut down manufacturer involvement in shows. The cost to manufacturers is prohibitive, he says, and he suggests that RV dealers should handle any shows that are truly dealer shows. Another industry leader proposes that the National RV Trade Show in Louisville, Ky., be moved away from the major holidays, and that the industry should come to an agreement about the timing of new-model introductions.

These are all issues about which *RV Business* will be reporting in the months ahead. But, despite their concerns, the Top 20 RV manufacturers appear to be looking forward to a prosperous new year for themselves and for the industry in general. ∆

The Top 20 manufacturers per Statistical Survey Inc.'s data, listed alphabetically:
Coachmen Industries Inc.
The Coleman Company Inc.
Fleetwood Enterprises Inc.
Georgie Boy Manufacturing Inc.
Gulf Stream Coach Inc.
Holiday Rambler Corp.
Jayco Inc.
Kit Manufacturing Co.
Komfort Industries Inc.
Mallard Coach Co. Inc.
Rockwood Inc.
Skamper Corp.
Skyline Corp.
Starcraft
Sunline Coach Co.
Tiffin Motor Homes Inc.
Van American Inc.
Vanguard Industries of Michigan Inc.
Vyquest Inc.
Winnebago Industries Inc.

Table 1

RV BUSINESS

JANUARY 6, 1989

C8950-2

7 Ford Plans QVM Program

7 Fire Doesn't Slow Production For Champion

7 Boones Leave 'Wish You Were Here' Program

7 Dealers Cautious On '89; Report Inventories Up

8 Sunset Offers Customized LeSharo/Phasar

8 Canada Passes Trade Pact

9 RVIA Addresses Seat-Belt Issue

9 GM Offers Chassis Incentive

9 NVCA Cancels '89 Western Showcase

10 Canadian and U.S. RVDAs Plan Joint Meeting

12 WVRVA Holds 1st Convention

NHTSA May Force RVs to Meet Car-Safety Standards

A National Highway Traffic Safety Administration (NHTSA) proposal to reclassify van conversions and motorhomes may result in stringent new Federal Motor Vehicle Safety Standards (FMVSS) for RVs.

According to NHTSA officials, the reclassification, if adopted, would involve one of two proposed categories. In the first category, van conversions and motorhomes, which are now classified as multipurpose passenger vehicles (MPVs), would be reclassified as either vans or passenger cars. Under the proposed second category, all van conversions and motorhomes would be reclassified as passenger cars.

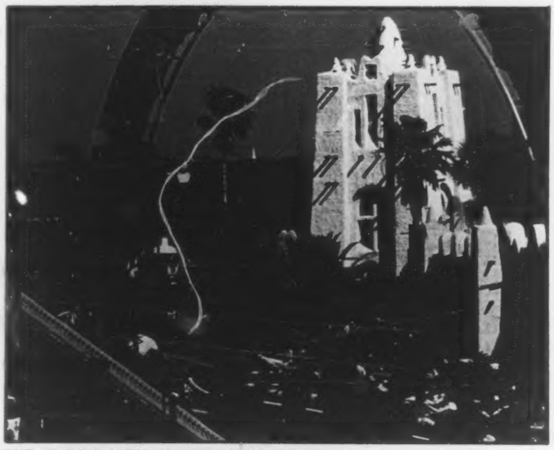
To be classifed as "vans," van conversions and motorhomes would have to meet the following NHTSA definition: have an unpartitioned cargo area and no body section, including the bumper, that extends more than 30 inches forward of the forwardmost point on the glazing within the windshield daylight areas.

Industry observers are quick to point out that, regardless of which classification vans and RVs are assigned, compliance with FMVSS codes that fail to take into account the unique characteristics of RVs would be difficult, if not impossible.

RVIA officials have urged NHTSA to distinguish RVs by adding a subcategory of vehicles defined as "special-purpose vehicles" or by establishing a separate and distinct vehicle class for motorhomes only.

Ed Conway, assistant general counsel for RVIA, suggested

continued on page 10



THE FLORIDA RV SUPERSHOW: FRVTA plans an event-filled five days at its annual show, where dealer and public attendance is expected to be a record-breaker. See page 51.

Louisville Show Reflects Upbeat Industry Attitude

A majority of exhibitors at the 26th Annual National RV Trade Show, Nov. 29-Dec. 2, reportedly did such brisk business at the Kentucky Fair & Exposition Center in Louisville, Ky., that many have revised their business outlooks upward for the 1989 model year.

"We had a great show," declared Ron Cleland, vice president of Mallard Coach Co. Inc., Nappanee, Ind., in assessing this year's Louisville Show. "I think everyone did, and that's really good news for us and the industry at large."

Attendance figures support manufacturers' positive assessment of the show. According to RVIA, total 1988 show attendance totaled 9,177, of which 4,527 were RV-dealer personnel representing an estimated 1,515 dealerships. That's a 2% increase in dealership participation compared with 1987.

The results of the presidential election may have been one contributor to the upbeat atmosphere. Elden L. Smith, senior vice president of the RV Group of Fleetwood Enterprises Inc., Riverside, Calif., indicated as much during a show-opening dealer breakfast. He said that President-elect George Bush and his Indiana running mate, Dan Quayle, offer the RV industry "unprecedented" access and a solid pro-business stance that could soon begin to combat the federal deficit. "We believe that, in the interest of keeping the economy moving ahead, Congress and the President will reach an agreement, and our industry will experience a flat to slightly-up market in early 1989, and a more improved market in late 1989 and 1990," said Smith.

As far as products on display by the 97 exhibiting RV manufacturers, there was no one unit

continued on page 11

RV BUSINESS

VOLUME 39, NUMBER 19 JANUARY 6, 1989 TWO DOLLARS

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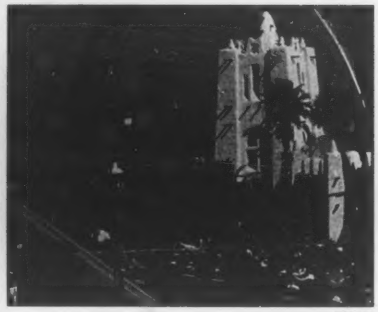

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The Top 5 fifth-wheel manufacturers reveal why they believe fifth-wheel trailer sales are on the rise.

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As automakers strive for more credibility in the consumer marketplace, towing capabilities of units from Chrysler Corp., Ford Motor Co. and General Motors Corp. are converging.

The Florida RV Supershow 51

RVB sneaks a preview of FRVTA's supershow at the Florida State Fairgrounds, where more than 250 manufacturer and supplier exhibitors are expected to display their products; floorplans and exhibitor listings are included.

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'88 STREAK ENDED IN SEPTEMBER

MORTON J. MARCUS

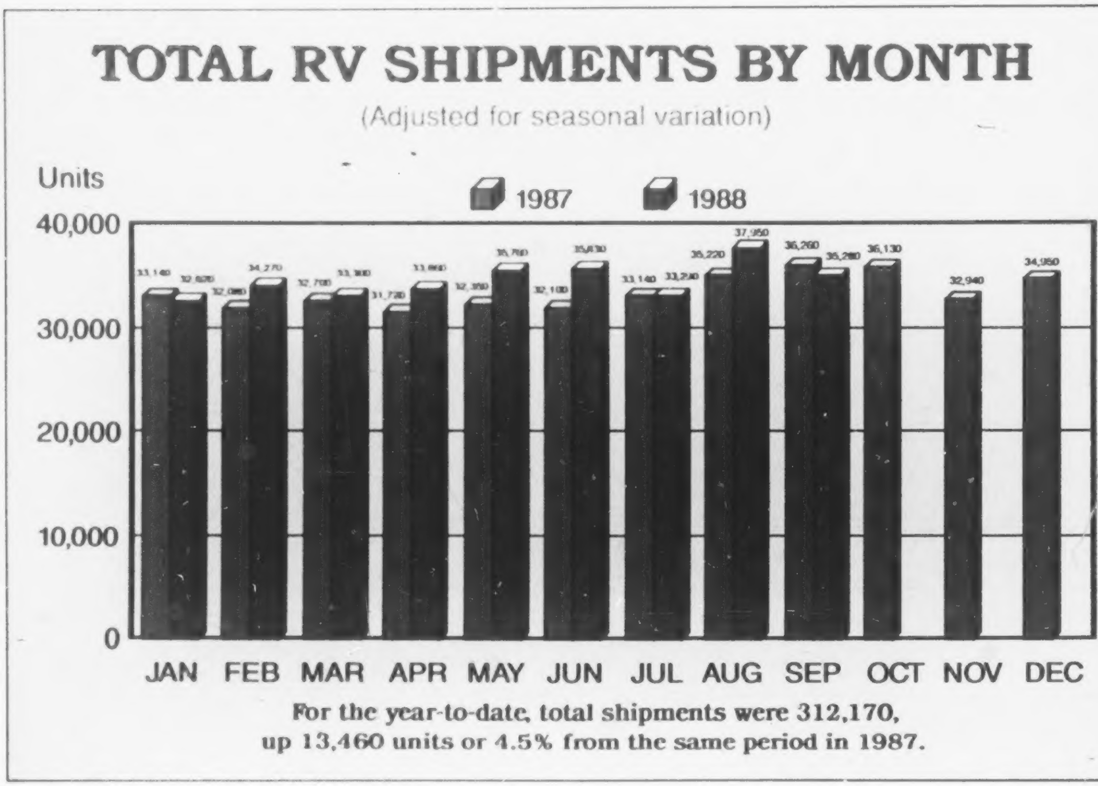

Figure 1

Following Joe DiMaggio's [illegible] streak [illegible]. As [illegible] attention focused [illegible] that this was the greatest batting streak of all time. More recently, Orel Hershiser had a great streak of pitching, [illegible] the [illegible] ments for the Dodgers' [illegible] comparable achievements, and every time a new aspirant approaches the record, memories and hopes are stirred. Winning streaks make sports headlines.

The RV industry ended its own streak recently, but it did not get as much attention. The long streak of improved 1988 monthly shipments vs. year 1987 finally ended after seven months. From February through August of 1988, seasonally adjusted RV shipments showed improvement each month over the same month's performance in 1987. As a result, we were able to report each month that the year-to-date record of 1988 compared with that of 1987 was improving.

But with the September shipment data, we must note that, for the first time since January 1988, shipments fell below those of the same month in 1987. (See *Figure 1*.) No one seemed to notice at the time. Perhaps the streak was not long enough, or maybe the reporters for *Time* and *Newsweek* magazines were busy elsewhere.

What should have been noted, at least by all of us in the industry, was that the third quarter of 1988 was the strongest for RV shipments in the last three years. With a total of 106,520 units shipped during the quarter, the industry was running nearly 13,500 (+5%) ahead of the pace of 1987.

Weakness or Aberration?

Total shipments for September 1988 were down by nearly 3% from September 1987 and off by 7% from August 1988. As seen in Figure 2, this decline from the previous month was spread across a number of vehicle types. Conventional travel trailers were off 12%, fifth-wheels were down nearly 9%, folding camping trailers fell by 4%, truck campers were down almost 8%, van conversions were off 13%; and low-volume Class B van campers were down 33%. All were below their August levels.

We would be concerned if such tendencies should persist, but month-to-month changes are not critical variations. In addition, park models were up 14%; Class A motorhomes advanced 22%; and all three Class C model types gained compared with

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

September 1987.

As noted above, 1988's third quarter came in at 106,520 units. The quarter was composed of three months with greatly varying performance. July came in at 33,290 units; August was a very strong month at 37,950 units; and September came in at 35,280. That averaged out to 35,510 units shipped, or just about the same as the second quarter 1988 average of 35,150 units. In other words, the industry shows much more stability when seen in some perspective than when viewed on a monthly basis.

Monthly data suffer from the problems of arbitrary boundaries. If the first and last weeks of August had strong shipments, with the first weeks showing delay shipments from July and the last weeks just as well taking place in September, then we end up with a heavy load of shipments reported in one month and lesser amounts counted for the bracketing months. It is best not to give too much attention to such detail.

Some Basic Trends

The basic facts for 1988, after three-quarters of the year was over, were:

- Towables and van conversions were running ahead of their 1987 volume levels.
- Motorhomes were down slightly from their 1987 pace.
- Van conversions were accounting for 76% of the growth in the market and moving once again toward being half of the total industry volume. *(See Figure 3.)*

In a longer-run perspective of the situation, it was clear that the industry's various vehicle segments are not subject to the same influences and that their behavior varied widely. *(See Figure 4.)*

If we take the first quarter of 1986 as a reference point, we can see that motorhomes climbed rapidly in volume, peaking a year ago in the third quarter of 1987 at nearly 40% above the level of early 1986. In the third quarter of 1988, motorhomes were 26% above the start of 1986.

Towables, by contrast, did not surpass the first quarter of 1986 until the last quarter of that year and have been less volatile than motorhomes in the past two years. By the third quarter of 1988, they had receded from a peak of 18% ahead of the starting point in Figure 4 and stood at a level 12% better than that of the first quarter of 1986.

Van conversions did not improve on their performance in the first quarter of 1986 until more recently. Only in the last two quarters of 1988 did they cross the 100 (or base) line in Figure 4 and, as of September 1988, conversions stood just 8% ahead of the first quarter of 1986.

If we were to show the data in more detail, for each type of RV, it would be very evident that the industry is composed of market segments which do not perform like bears or seals in a circus. Each segment has a pattern of performance that sets it apart from others in the industry. Streaks and other phenomena make interesting reading, but they often divert attention from important trends. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

INDEX OF QUARTERLY SHIPMENT CHANGES
(1st Quarter 1986 Base Period)

Quarters/Years		Total RVs	Towables	Motorhomes	Van Conversions
1st	1986	100.00	100.00	100.00	100.00
2nd		98.04	92.64	114.67	96.55
3rd		101.37	98.53	118.81	97.89
4th		102.02	111.58	126.76	87.73
1st	1987	102.91	109.25	115.86	94.50
2nd		101.07	103.56	119.63	93.56
3rd		109.95	114.72	137.96	97.92
4th		109.32	118.21	128.33	97.28
1st	1988	105.29	114.97	112.21	96.48
2nd		110.83	114.82	125.89	103.38
3rd		111.95	111.61	126.30	107.70

Figure 3

MARKET SHARE BY TYPE OF UNIT
(Year to date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.00	100.00
Travel Trailers:		
Conventional	13.93	14.89
Park Models	1.81	1.68
Fifth-wheels	7.46	6.57
Folding Camping Trailers	9.98	10.25
Truck Campers	2.60	2.49
Motorhomes:		
Class A	9.95	10.09
Class B Van Campers	1.22	1.77
Class C:		
Minis	5.04	5.13
Low Profiles	0.51	0.62
Micro-minis	0.61	0.96
Multiuse Van Conversions	46.88	45.56

Detail may not add to total because of rounding.

Figure 2

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE OF UNITS	SEP 1988	PERCENT CHANGE FROM AUG	YEAR-TO-DATE 1988	YEAR-TO-DATE 1987	PERCENT CHANGE
Total RVs	35,280	-7.0	312,170	298,710	4.5
Travel Trailers:					
Conventional	4,520	-12.1	43,490	44,480	-2.2
Park Models	600	14.3	5,640	5,020	12.3
Fifth-wheels	2,510	-8.6	23,290	19,620	18.7
Folding Camping Trailers	3,370	-3.9	31,160	30,600	1.8
Truck Campers	930	-7.7	8,130	7,440	9.3
Motorhomes:					
Class A	4,040	21.8	31,060	30,140	3.1
Class B Van Campers	370	-33.1	3,800	5,280	-28.0
Class C:					
-Minis	1,920	4.0	15,740	15,330	2.7
-Low Profiles	270	107	1,610	1,840	-12.9
-Micro-minis	210	9.9	1,900	2,860	-33.5
Multiuse Van Conversions	16,540	-12.9	146,350	136,080	7.5

Note: Percentages are computed from unrounded data.

Figure 4

DEALERS RATE OCTOBER A 'DISAPPOINTMENT'

GAYLORD MAXWELL

Compared with the same month of the previous year, October 1988 was disappointing for many dealers. Sixteen (70%) of the 23 members of RVB's Dealer Advisory Board (DAB) were off 1987's pace in dollars taken in during the month. Four of the five RV types were down in both new- and used-unit sales. Total unit sales were down in both categories.

Profits also tended to be on the low side last October, with most DAB members marking them as only fair. Lot traffic was rated on the low to average side, and new buyers were scarcer than normal. Even the larger DAB dealerships found relatively "lean pickings" in October.

Year-to-date, the '88 picture was better. Although the number of DAB members on the plus side in sales volume declined in the previous couple of months, more than half of them were still ahead of 1987. Two RV types were still ahead of 1987 in new-unit sales (motorhomes and fifth-wheels), and two were up in used (folding camping trailers and fifth-wheels). Although year-to-date figures for both new and used units sold in 1988 fell behind those for the previous year, the differences were small.

Contrary to what has been the trend during most of 1988, with only one exception, the big dealers on the DAB took it on the chin relatively harder than the smaller guys did in October. Lower motorhome sales delivered the blow.

There was no specific cause for the October letdown: no unusual weather, no economic disasters, no world-shaking events.

Motorhomes

Most of the extraordinary plunge in new motorhome sales was suffered by the large DAB dealerships. With only one exception (and that dealer was up by one unit), the "biggies" were down – some drastically. The total drop of 42 units for the month accounted primarily for the nearly $2 million drop in sales volume. Whether significant or not, the fact was that Class A's outsold C's 3-to-1 during the month.

The drop in used motorhome sales wasn't as drastic, but the 11% decrease was a relatively high figure for that category.

Year-to-date, the numbers were more positive. New-unit sales were still well ahead of '87, and the used category was barely in the minus column. Perhaps October was a fluke that will be corrected by the figures to be reported in the remaining months of 1988.

Travel Trailers

For the first time in recent RV sales history, this category got the only plus rating for new-unit sales in our monthly report. October was far from a boom month, but the fact that, in spite of the general downturn, trailer sales still managed to show an upturn was welcome news to travel-trailer dealers. Additional good news was that profits were generally considered good.

Used sales didn't fare so well; they were down considerably from the previous October. Weaker sales in used trailers and motorhomes accounted for the report of fewer new buyers.

Year-to-date, trailers were still a bit down in both new and used sales. However, good sales in the two remaining months of '88 could change that picture.

Truck Campers

Only three DAB dealers reported new camper sales in October vs. five in October of the previous year, and two of those were down. Although the percentage drop was great, the actual unit drop was not, due to the fact that our report was based on such small numbers. (In our defense regarding that problem, we have not been successful in obtaining suitable and willing reporters for that RV type. Want to help?)

Used-unit sales fared better for the month. We also noted that more dealers seemed willing to sell used campers.

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	OCT. 1988	OCT. 1987	% CHANGE	1988	1987	% CHANGE	OCT. 1988	OCT. 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	113	155	−27	1,549	1,413	+10	115	129	−11	1,395	1,424	− 2
TRAVEL TRAILERS	95	90	+ 6	1,131	1,176	− 4	82	105	−22	1,103	1,119	− 1
TRUCK CAMPERS	14	21	−33	184	212	−13	12	12	0	103	118	−13
CAMPING TRAILERS	25	29	−14	926	1,074	−14	15	16	− 6	360	330	+ 9
FIFTH-WHEELS	26	30	−13	330	282	+18	9	14	−36	205	178	+10

	FOR MONTH			YEAR-TO-DATE		
	OCT. 1988	OCT. 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$10,541,986	$12,283,731	− 7	$133,663,706	$125,255,696	[illegible]
TOTAL UNIT SALES	506	601	−16	7,286	7,326	< [illegible]
NEW-UNIT SALES	273	325	−15	4,120	4,157	< [illegible]
USED-UNIT SALES	233	276	−16	3,166	3,169	< [illegible]

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dasson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhart,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Petersen,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

DAB PERSPECTIVE *continued*

Folding Camping Trailers

October is definitely not the time of year for folding camping trailer sales, and our report showed it. Consistent with the year-to-date figures, new-unit sales were still off 14% for our DAB dealers of this RV type. Profits weren't strong, with most ratings in the fair to poor categories.

Used sales picked up considerably in 1988. Unlike a decade ago, most dealers now are willing to take fold-downs in trade and offer them for resale. Thus, fold-downs were one of the two RV types still in the used-unit plus column for the year-to-date.

Fifth-wheels

Even the mighty fifth-wheels, which had shown such great success earlier in 1988 with our DAB, skidded in October in both new and used sales. The drop in units was actually quite small (four for new and five for used), but the percentage declines were more impressive.

For the year-to-date, however, both new and used fiver sales were still well above 1987 figures – the only vehicle category to achieve that distinction.

Profits still remained quite good – ranging from excellent to fair. Δ

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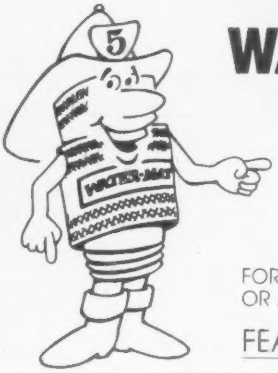

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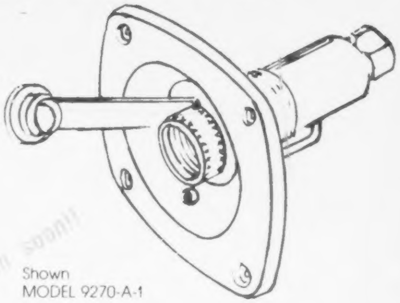

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Chevy Van Policy Creates Changes For Associations

The Chevrolet Motor Division's new bailment-pool policy—which obliges applicants to affiliate with "a recognized association" that can provide leadership in standards conformance—has amounted to a windfall of new members for RVIA, Reston, Va.

The new rules have also played a role in the establishment of a new van-trade group: the International Truck Converters Assocation Inc. (ITCA), located in Martinsville, Ind.

However, the nation's only other national-scale van-conversion trade group—the 76-member National Van Conversion Association Inc. (NVCA), Greenfield, Ind.—has watched its membership gain only "slightly" as it continues feuding with Chevrolet over the legit-

continued on page 12

Fleetwood Plans Record Year For RV Group

A billion dollars in fiscal 1989 RV sales never was a far-fetched goal for Elden L. Smith, senior vice president-Recreational Vehicle Group of Fleetwood Enterprises Inc., to have set. After all, the Riverside, Calif.-based firm had posted five consecutive billion-dollar-plus years in corporate sales, including manufactured housing. Fiscal 1988 sales were $1.41 billion compared to $1.26 billion in 1987.

Now, barring economic calamity, that billion-dollar benchmark—an RV industry first—is within reach for Fleetwood, an employer of 10,500, with 45

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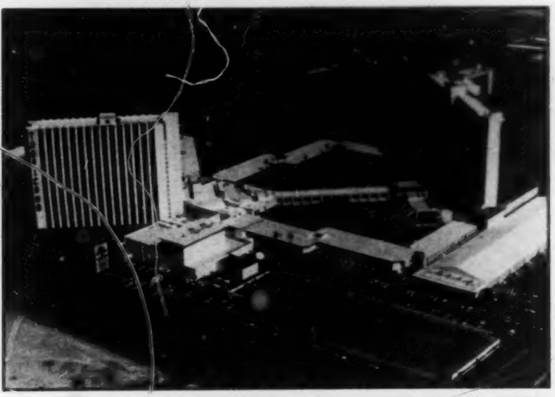

COAST CONNECTION 1989 DEALER ADVANTAGE TRADE SHOW: The Coast Distribution System is gathering its 14 divisions to put on one major trade show in Las Vegas, Nev. See page 53.

Growing Farm Market Cited for Deere's Chassis Sale to Oshkosh

A resurgence in the agricultural sector and a resultant need to refocus on the tractor business prompted Deere & Co. of Moline, Ill., to agree in principal Dec. 21, 1988, to sell its motorized vehicle chassis business to Oshkosh Truck Corp., company officials report. The Oshkosh, Wis., firm is a manufacturer of high-line, heavy-duty motorhome rails.

"As we see agriculture recover since 1987 and anticipate strong demand continuing for '89 and beyond, it simply made sense to take this action," said Robert J. Combs, director of press relations for Deere, a $5.4 billion-a-year corporation marketing the On/Voy brand of motorhome chassis.

The sale, for an undisclosed sum, is expected to be concluded by Jan. 30, 1989, according to a joint press release. Under terms of the agreement, Deere's RV- and commercial-chassis business, based at the John Deere Tractor Works in Waterloo, Iowa, will be transferred to Oshkosh during a year's period. Deere will continue to manufacture chassis and supply support services for Oshkosh, as it phases in production.

Oshkosh, for its part, expects to broaden its product offerings and add about $100 million in annual sales. For the year ending Sept. 30, 1988, Oshkosh's sales in a variety of product lines amounted to $353 million.

Because its Oshkosh factory will be unable to absorb the volume of approximately 8,500 units per year, a plant-site search has begun for a new, logistically located facility. The facility will employee 100. Production of the firm's larger motorhome chassis will remain in Oshkosh.

Other changes will probably be in store for Oshkosh, a 72-year-old company previously specializing in a lower volume of expensive gas/diesel rear-engine 'pushers' for Class A coaches. But, as the company enters a more competitive marketplace, its management

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RV BUSINESS

VOLUME 39, NUMBER 20 JANUARY 20, 1989 TWO DOLLARS

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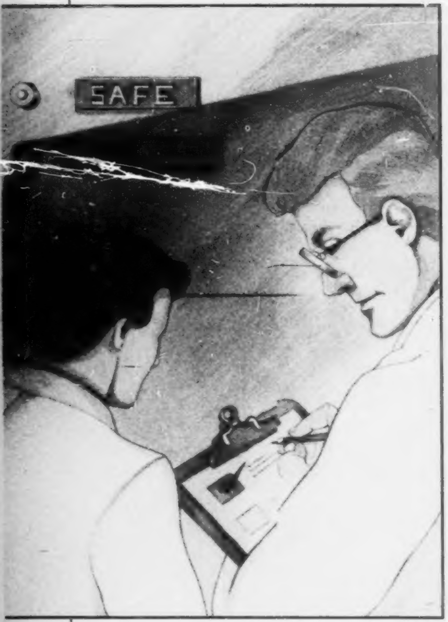

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COVER PHOTO: TROPICANA HOTEL & CONVENTION CENTER

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Suppliers are urging existing associations for a stronger voice within the RV industry.

Miami Travelcamping Show 48

This year's RVDA-sponsored show at the Youth Fair/Exposition Fairgrounds in Tamiami Park, Fla., promises to be bigger and better than ever.

Coast Connection 1989 Dealer Advantage Trade Show 53

Fourteen divisions of The Coast Distribution System will convene in Las Vegas, Nev., for a major trade show—the first in four years. Floorplans, exhibitor listings and a brief overview are provided.

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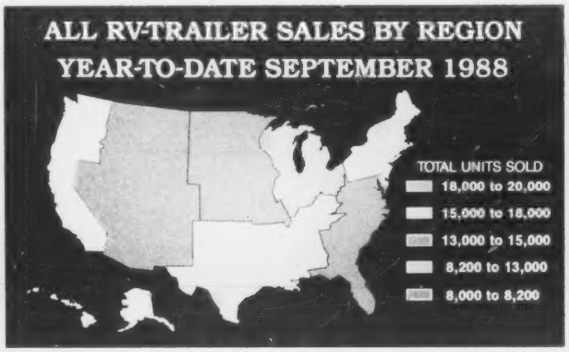
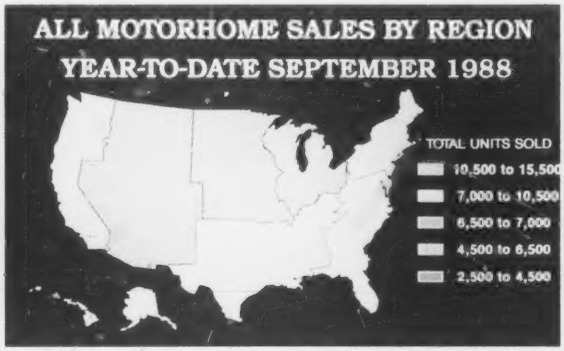
YEAR-TO-DATE FIGURES REMAIN POSITIVE

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

The third quarter, ending September 1988, did not go down on record as being strong. Two of the three months were down in travel-trailer sales compared with 1987. All three months of the third quarter were down for motorhomes compared with 1987. The bright spot was that the year-to-date numbers remained positive, with the fourth quarter of 1988 expected to outperform the fourth quarter of 1987.

Based on total registrations, the Midwest has taken the No. 1 position for year-to-date RV-trailer sales, while the Pacific region remains No. 1 in motorhome sales.

The motorhome market had a nationwide decrease of 13.1% in sales for the month of September. The year-to-date comparison for September had the market at a 2.3% increase over the September 1987 year-to-date market.

Figure 1 shows seven regions ranked by the percent of change in motorhome sales from September 1987. Within the highest ranked Mountain region, Montana had the largest positive percent of change in sales. In the lowest-ranked West North Central region, South Dakota had the largest percentage decline.

Figure 2 shows the same regions ranked by the percent of change in sales for the year-to-date compared with the same nine-month period of 1987. Nevada had the largest percentage increase in the leading Mountain region. In contrast, North Carolina had the largest negative percentage change in the South Atlantic region.

Meanwhile, the RV-trailer market in September 1988 registered a 5.93% increase in unit sales. The year-to-date comparison showed that RV-trailer sales experienced a 4.29% increase compared with those of September 1987.

Figure 3 shows the nation's main regions ranked by their percentage change in RV-trailer sales in September 1988 compared with the same month in 1987. In the leading South Central area, Mississippi had the largest positive percentage change. Georgia experienced the largest decline in September in the bottom-ranked South Atlantic region.

The regional year-to-date rankings for RV trailers are shown in Figure 4. In the top-ranked West North Central region, Nebraska had the greatest percentage increase compared with 1987. At the other end of the spectrum, Florida had the greatest decline in RV-trailer sales in the lowest-ranked South Atlantic region.

With expected growth in the fourth quarter, a positive outlook prevails. Some of the areas that recorded such poor numbers in the early part of the year seem to be coming back.

It is expected that 1988 sales in both markets should surpass those of 1987. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

MOTORHOME MARKET

Sept. '88 Rank	Region	% of Change From Sept. '87	Aug. '88 Rank
1	Mountain	– 5.61	2
2	Northeast	– 5.76	5
3	Pacific	– 8.90	1
4	S. Central	–11.33	6
5	E.N. Central	–17.00	4
6	S. Atlantic	–21.40	7
7	W.N. Central	–26.50	3

Figure 1

MOTORHOME MARKET

Sept. '88 Rank	Region	% of Change Year-to-Date	Aug. '88 Rank
1	Mountain	12.62	2
2	Pacific	10.58	1
3	Northeast	2.67	4
4	E.N. Central	1.29	3
5	W.N. Central	–3.63	5
6	S. Central	–5.04	6
7	S. Atlantic	–9.86	7

Figure 2

RV-TRAILER MARKET

Sept. '88 Rank	Region	% of Change From Sept. '87	Aug. '88 Rank
1	S. Central	23.50	4
2	Mountain	15.80	7
3	E.N. Central	11.67	5
4	Northeast	.31	3
5	Pacific	– .56	1
6	W.N. Central	–12.80	6
7	S. Atlantic	–15.80	2

Figure 3

RV-TRAILER MARKET

Sept. '88 Rank	Region	% of Change Year-to-Date	Aug. '88 Rank
1	W.N. Central	8.70	2
2	Mountain	7.06	3
3	North East	6.99	1
4	Pacific	4.32	4
5	S. Central	3.40	5
6	E.N. Central	– .03	6
7	S. Atlantic	–4.31	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

SHIPMENTS WERE UP AGAIN FOR THE MONTH OF OCTOBER

MORTON J. MARCUS

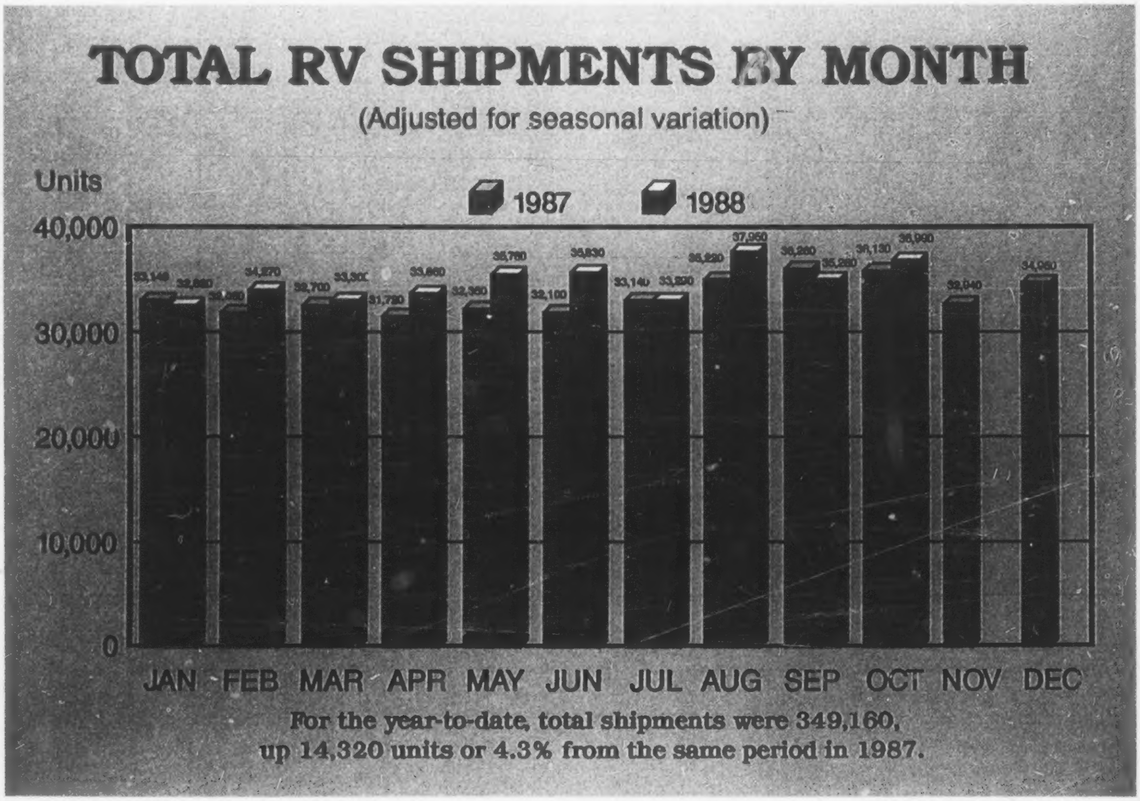


Figure 1

Many otherwise successful and intelligent people get a kick out of joining us for a monthly run-through of the RV-shipment data. Regular readers of this page must be similar to those millions of persons who watch the syndicated quiz shows. There is a certain thrill, if you have nothing better to do, in watching the numbers change and trying to figure out what the answer is along with, or before, the anxious, ever-applauding contestant.

Monthly data are simply too erratic to act as a foundation for sound judgment. Yet, we must have them in case they reveal anything about trends; three months is too long to wait for quarterly numbers. A firm could lose all if it found out about the market only when the dogsled got to town with the mail from the Lower 48.

Consider, the strange, but not unusual, case of October 1988. When we last saw the RV-shipment data (seasonally adjusted and neatly tucked in), September had just delivered a surprise. Total shipments were below those of September 1987. The year-to-year difference was small, but it was the first time since January '88 that shipments fell below the same month a year earlier. That deficit, that deficiency was just 980 units. *(See Figure 1.)*

Then, along came October, golden in the autumnal sun, yielding the mature fruit of the baseball season in combination with the robust energy of football teams on every high-school and college field. Total RV shipments for October 1988 were up by 860

GRAPHICS: CUSTOM COLOR VISUALS

units compared with the same month a year earlier. The net of all this movement: virtually nothing. September and October squared off against each other in a year-to-year bout that left a net decline of just 120 units (0.2%).

After the industry had shipped more than 72,000 units in two months, the year 1988, at the end of October, was hardly any different from 1987 than it had been at the end of August.

Missing the Point

Yes, if you are looking for dramatic movement, earth-shaking change, and the thrill of discovery in the RV shipment data, you are looking in the wrong place. But that is because you would be looking for the wrong things. The point is that the industry shipped more than 72,000 units, which provided employment for thousands of persons, as well as satisfaction for thousands of customers. Journalists and business anaylsts are trained to look for change. Too often, they focus exclusively on change, and dramatize with artful analogy. Lost in all of that effort is a simple appreciation of the basic reality. Here, that reality is that another 72,000 recreational vehicles were shipped.

The fact that there was little change from 1987 does not suggest any weakness or deficiency in the industry. Growth is not lacking; the year-to-date figures were a respectable 4.3% ahead of the same point in 1987. This was not as strong as the 5.5% gain recorded through August, or the 6% gain that had been present through the end of June. Nonetheless, total shipments were more than 14,300 units ahead of the pace for 1987; at this rate, 1988 should close with 420,000 units.

Van Conversions on the Move Again

Shipments in October 1988 were 1,700 higher on net than in September. Of the 11 types of units reported, four declined and the other seven advanced. *(See Figure 2.)* The upside volume was led by van conversions, which added 1,170 units for the month. Towables added 420 units with mixed detail: Park models and folding campers were down, but other towables had offsetting gains. Motorhomes were up by just 120 units; van campers and minis also advanced, while the other three types of RVs declined.

Van conversions continue to be the real strength in the industry. For the year-to-date, they were up by more than 11,400 units or 7.5%. The growth in van conversions was just shy of 80% of all the growth in the market – this, despite the fact that van conversions account for 47% of the market. *(See Figure 3.)* Once again, these popular units are approaching a position where they will have half of the total RV market.

> *The fact that there was little change from a year earlier does not suggest any weakness in the industry.*

Motorhomes are not keeping pace. Not only were they declining in market share, but they were down for the year-to-date by nearly 1,200 units or almost 2%. This translated to a loss of 1.1 market-share points to contrast with the 1.4-point gain of van conversions.

Also losing ground in market share were towables, as growth in this portion of the market was at 3.4%, less than half the growth rate of van conversions. Yet, among towables, only conventional travel trailers were below the pace of shipments for 1987. Fifth-wheels had the strongest percent gain of all RV types for the year-to-date. In addition, park models and truck campers showed stronger rates of growth than van conversions. The difficulty is that, taken all together, these three types account for just a third of all towables. Hence, their percentage gains did not translate into major volume improvements. Δ

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.00	100.00
Travel Trailers:		
Conventional	13.89	14.82
Park Models	1.74	1.68
Fifth-wheels	7.40	6.57
Folding Camping Trailers	9.88	10.24
Truck Campers	2.61	2.52
Motorhomes:		
Class A	9.96	10.11
Class B Van Campers	1.31	1.85
Class C:		
Minis	5.14	5.11
Low Profiles	0.49	0.61
Micro-minis	0.59	0.90
Multiuse Van Conversions	46.99	45.59

Detail may not add to total because of rounding.

Figure 3

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

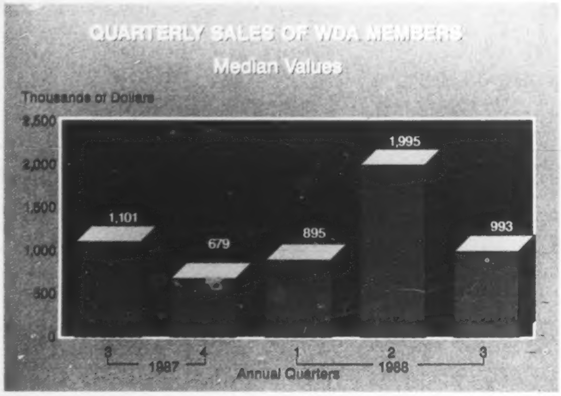
TYPE OF UNITS	OCT 1988	PERCENT CHANGE FROM SEP	YEAR-TO-DATE 1988	YEAR-TO-DATE 1987	PERCENT CHANGE
Total RVs	36,990	4.8	349,160	334,840	4.3
Travel Trailers:					
Conventional	5,010	10.7	48,500	49,610	-2.2
Park Models	440	-25.8	6,080	5,610	8.3
Fifth-wheels	2,550	1.7	25,840	22,010	17.4
Folding Camping Trailers	3,350	-0.8	34,510	34,300	0.6
Truck Campers	1,000	7.6	9,120	8,440	8.1
Motorhomes:					
Class A	3,710	-8.1	34,780	33,860	2.7
Class B Van Campers	780	110.3	4,580	6,200	-26.1
Class C:					
-Minis	2,190	14.0	17,940	17,110	4.8
-Low Profiles	110	-60.5	1,710	2,040	-16.7
-Micro-minis	140	-34.3	2,040	3,000	-31.9
Multiuse Van Conversions	17,710	7.1	164,060	152,650	7.5

Note: Percentages are computed from unrounded data.

Figure 2

WDA SALES PUSH UP AGAIN AT THE CLOSE OF THE THIRD QUARTER

MORTON J. MARCUS



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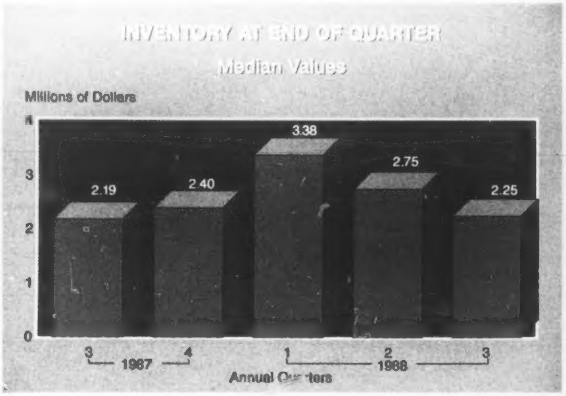

Figure 2

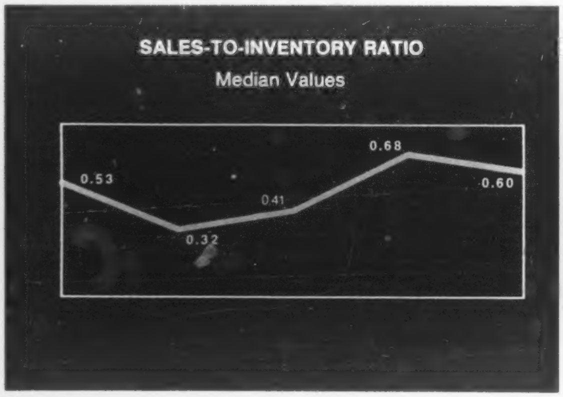

Figure 3

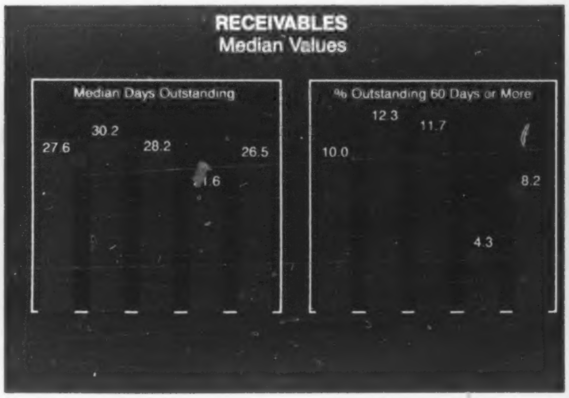

Figure 4

The aftermarket for RV parts and supplies continued to grow in the third quarter of 1988. Thirty-one firms reporting in the Warehouse Distributors Association (WDA) quarterly survey indicated that total sales were up by nearly 13%, compared with the third quarter of 1987. Total sales reported were $61.5 million in 1988 during July, August and September, compared with $54.5 million in that quarter of 1987. With 31 firms reporting in each quarter, the average per firm rose from $1,757,000 to $1,983,000.

Figure 1 shows that the median firm's sales fell, but this was the result of a change in the size of firms reporting, rather than a true reflection of the industry. Statistics are useful when they are consistent. For this reason, each WDA participant receives a report that includes not only the general industry information but also a special section, which indicates the changes for those firms reporting in both the most recent quarter and the same quarter a year earlier. Thus, when we examined the data for the

GRAPHICS: CUSTOM COLOR VISUALS

26 firms reporting in the third quarter of both 1987 and 1988, the indications were clear that the industry was doing well. Total sales were up more than 19% for these firms, and the median firm had a substantial rise in sales – not a decline as seen in the data for all firms.

The same picture emerged when inventories were examined. *(See Figure 2.)* All firms showed inventories rising in the year-to-year comparison. Continuing firms showed inventories falling between 1987 and 1988. These conflicting reports again were a result of more small firms participating in the WDA survey in 1988 than were in the returns a year earlier. Smaller firms typically have lower sales-to-inventory ratios:

From all reliable data contained in the WDA survey, the picture was of a stronger aftermarket for the RV industry.

3rd Quarter '88	
Smaller firms (sales less than $2 mil/yr)	.57
Medium size ($2 mil to $6 mil/yr)	.61
Larger firms (more than $6 mil/yr)	.75

When the industry is considered by this size breakdown, the result is very positive. The sales-to-inventory ratios were all higher than they were in 1987. *(See Figure 3.)* Such a breakdown is possible only when enough firms report to allow a disaggregation of results.

Firms reporting in the WDA survey showed a slight decline in the average days for receivables – down from 27.6 days in 1987 to 26.5 days in 1988. *(See Figure 4.)* This improvement was mirrored in the decline of the percent of receivables more than 60 days old. This figure declined from 1987 levels, moving from 10% to 8.2%. Thus, from all reliable data contained in the WDA survey, the picture was of a stronger aftermarket for the RV industry. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

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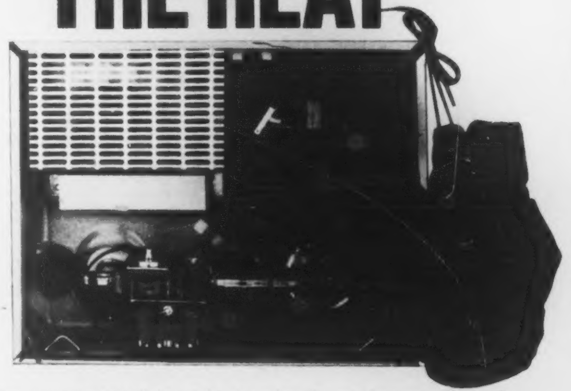

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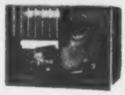

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GM to Offer High-Powered 'C' Chassis

General Motors (GM) Corp., Detroit, Mich., is planning to introduce a new higher-powered Class C motorhome chassis by the fall.

The new chassis will marry the gross vehicle weight (gvw) capacity of GM's larger Class A with the cab front end of its van cutaway chassis to provide a hybrid chassis for Class C motorhomes with up to 14,500 pounds gvw.

Some manufacturers who have seen a demonstration model were critical of the chassis' height and lack of aesthetic appeal. The unit that GM has been showing, however, is a commercial chassis, which does not represent what the motorhome version will look like. GM sources said they are putting together a lower-profile unit, which will have smaller 16-inch wheels and tires.

The motorhome chassis will feature several gvw choices, ranging from 12,000 to 14,500 pounds, but units in the 12,000- to 12,500-pound gvw range are expected to be the most popular with motorhome manufacturers.

The cab will offer all the comforts that motorhome buyers are used to, and height will not be an issue, sources said.

Meanwhile, in a separate statement, Ford officials said they had no plans to bring out an E-250 cutaway chassis based on the Econoline 250 series, because they believe there would not be a market for it.

Ford acknowledged the limitations of its E-350's gvw capacity and the fact that the market has been asking for more gvw

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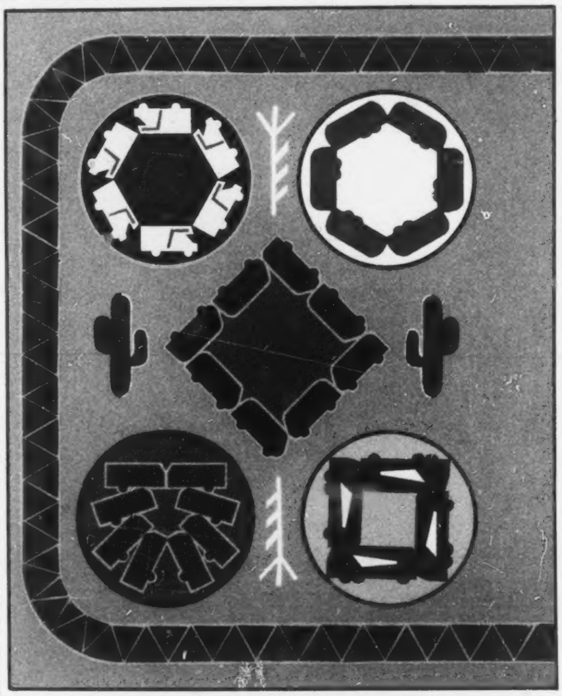

WHEN COMPANIES CREATE COMMUNITIES: Manufacturer-sponsored owners' clubs are becoming increasingly popular as a new marketing tool within the RV industry. See page 18

RVDA Sees Strong Growth in '90s

In a published year-end address, Robert Strawn, executive vice president of Fairfax, Va.-based RVDA, challenged the RV industry to exceed his rather positive market forecasts for the next 30 years by capturing a larger share of consumers in a growing population.

Strawn foresees a unit-sales growth of 15%—with 2.76 million units retailed—for the decade between 1990 and the year 2000, compared with the estimated 2.4 million units sold between 1980 and 1990. Barring unforeseen circumstances, he speculated, sales of both towable and motorized recreational vehicles could reach 3 million units for the decade between 2000 and 2010, and 3.15 million from 2010 to 2020.

Based on those projections, Strawn anticipates that the number of units on the road will expand from a projected 9 million in 1990 to 15.6 million in 2020. Inasmuch as the owners of these units provide the aftermarket's sales and service base, Strawn posited, the annual retail aftermarket should grow from an estimated $2.7 billion in 1990 to $3.3 billion in the year 2000, $3.8 billion in 2010 and $4.7 billion by 2020.

Strawn, in the year-end edition of his Fairfax, Va., trade group's newsletter, said his forecasts are based purely on

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7 HRC Unveils Free Spirit Trailer Line

7 'Cooling Off' Sales Rule Still Stands

8 Honey Maxuum Makes Debut

8 Mallard Posts Gains

8 Zimmer Corp. Reorganizes

9 StarChase Names Fore President, GM

9 Faludy to Head Carefree

9 Astro Makes Comeback After Fire

9 Commitment to 'Wish You Were Here' Is Strong

10 Western RV Expands East

11 Riblet Buys Wire-Harness Manufacturer

11 Private Investors Buy Interest in RC

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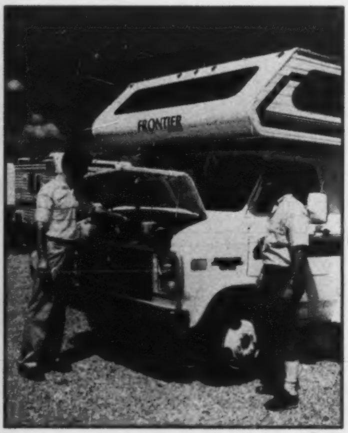

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COVER ART: ROBERT LAMARCHE

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Factory-sponsored RV owners' club are emerging as a new marketing tool for both manufacturers and dealers.

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DAB PERSPECTIVE

NOVEMBER SALES PERKED UP

GAYLORD MAXWELL

Following a three-month period of lethargic sales, RVB's Dealer Advisory Board (DAB) perked up in November 1988. Although it could hardly be termed a turnaround, this November outshined the corresponding month of 1987.

Sales volume was up a whopping 20% over 1987. Seventeen of the 22 reporting members of the DAB were up in sales dollars, with only five down. Total unit sales were up—three out of five categories in new, and four out of five in used. As per the trend that was apparent throughout 1988, the largest dealerships gobbled a larger share of the pie.

All-in-all, considering that November is generally one of the weakest months of the year in terms of RV sales, business was fairly good at the retail level.

Year-to-date, the picture was dimmer, but it wasn't all that bad compared with the previous year. As a group, the DAB dealers took in more dollars (up 8%), with 15 of the 22 members in the plus column. However, the new-unit sales total was down a couple of points. Used sales were stronger than in the previous year, with a total unit-sales figure still slightly on the positive side.

Motorhomes

It was by only one unit, but this November's total for new-unit sales exceeded that for the previous year. After two months of very negative figures, anything plus was a welcome sign. Eight of the 18 DAB members who sell motorized units were up for the month; eight were down, and two were the same. Deviating from the trend for the year, the larger dealerships—like the smaller ones—were about evenly divided between the ups and the downs. Used sales were quite good; they were up considerably from the previous November.

Profits for this category received the weakest rating all year—generally in the fair to good range. One dealer rated them poor, and no one called them excellent.

Travel Trailers

Trailer dealers on the DAB struggled all year. In October, they finally reported a month better than October 1987, and it appeared that a turnaround was occurring. November proved their hopes wrong, as new units fell again. The drop wasn't drastic, but it kept this RV type in the negative column all year. Of the 20 DAB members who sell travel trailers, 12 were down in new units for the year-to-date; seven were up, and one was the same. November used sales were down a bit, but they were still a few units ahead for the year-to-date.

Profits weren't bad, since most dealers rated them in the good column.

Truck Campers

In terms of percentages, new campers did better than any other type in November. Most of the increase was due to the success of one DAB member. Used sales showed even a better sales increase. Year-to-date, new units were still a bit off, and used sales were slightly ahead of the previous year.

Profits were rated excellent or good.

Folding Camping Trailers

As with travel trailers, DAB dealers of this type of unit have struggled all year. November saw no change in the pattern of previous months. New-unit sales were down by one unit for the month. Year-to-date, the drop was the greatest for any RV type. Nine of the 15 DAB members were experiencing sales drops from the previous year. Used units moved well, with a substantial increase over 1987.

Profits were generally rated fair.

Fifth-wheels

As in previous months, fiver dealers on the DAB did well in November and remained well ahead of the previous year in both new and used units. Fourteen of the 18 DAB members who stock them reported sales ahead of 1987. Profit ratings for this type ran consistently higher than in any other category. However, it should be pointed out that, although this RV type was generally selling well, very few dealers got big numbers. Only five of the 14 fifth-wheel DAB dealers sold more than 20 units for the year; six sold fewer than 10.

In short, this category is usually a winner but not necessarily a big winner for everyone. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	NOV. 1988	NOV. 1987	% CHANGE	1988	1987	% CHANGE	NOV. 1988	NOV. 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	125	124	+ 1	1,614	1,605	+ 1	105	90	+17	1,500	1,514	− 1
TRAVEL TRAILERS	55	59	− 7	1,151	1,193	− 4	78	84	− 7	1,151	1,143	+ 1
TRUCK CAMPERS	23	18	+28	208	230	−10	11	8	+38	104	102	+ 2
CAMPING TRAILERS	15	16	− 6	924	1,042	−11	11	8	+38	323	283	+14
FIFTH-WHEELS	27	24	+13	357	297	+20	14	13	+ 8	219	190	+15

	FOR MONTH			YEAR-TO-DATE		
	NOV. 1988	NOV. 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$10,799,408	$9,034,395	+20	$143,550,051	$133,076,094	+8
TOTAL UNIT SALES	464	444	+ 5	7,551	7,599	−1
NEW-UNIT SALES	245	241	+ 2	4,254	4,367	−2
USED-UNIT SALES	219	203	+ 8	3,297	3,232	+2

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board, a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dasson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RV BUSINESS

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Canadian Trade Pact to Open RV Opportunities

Although Canadian and U.S. RV industry members acknowledge that they have yet to sort out all the details of the recently ratified U.S.-Canadian Free Trade Agreement, the consensus on both sides of the border is that the landmark pact will have a salutory effect on the RV business on both sides of the border.

The agreement, which was officially adopted on Jan. 1, 1989, calls for the eventual elimination of all tariffs between the United States and Canada over the next 10 years. Specifically, the agreement provides for products to be separated into three categories, each with a different timetable. For products in category one, all tarriffs ended upon the adoption of the pact. In category two, the tariffs will be gradually reduced on an accelerated basis so that those products will be duty-free within five years. Under category three, the classification that includes most RV products, tariffs will be reduced 10% each year for the next 10 years. Since most RV products now carry a 12% tariff, that means that the duty on products crossing the border dropped by a little more than 1% at the start of the year.

The fact that the reduction for 1989 is fairly insignificant no doubt accounts for the fact that neither the Canadian nor U.S. RV manufacturers and dealers are rushing to get their products to the border. "It isn't exactly open field running at this stage," said Jack Cole, president of Lance Camper Manufacturing Corp., Pacoima, Calif. "Because the restrictions are going to come

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SHOW PROMOTIONS: Do dealers sacrifice control when they let a professional show promoter organize their show? See page 35 for some views on the advantages and disadvantages of using show promoters.

Folding Trailer Competition Heats Up; Makers Vying for Market Share

Competition has heated up for the nation's folding camping trailer manufacturers in the past three years, as some 13 companies – shipping camping trailers at a rate of about 41,500 units a year – scramble for market share in their respective product niches.

But, while products have changed to a dramatic extent in recent years, all the scrambling hasn't brought significant change to the U.S. sales picture. Unit sales have not grown appreciably in six years, and neither have the pivotal players changed much. Eighty-four percent of annual U.S. sales in the first nine months of 1988 were garnered (in order of market share) by The Coleman Company Inc., Wichita, Kan.; Starcraft, Topeka, Ind.; Jayco Inc., Middlebury, Ind.; Vanguard Industries of Michigan Inc., Colon, Mich.; and Coachmen Industries Inc., Elkhart, Ind., according to Statistical Surveys Inc. in Grand Rapids, Mich.

No company has seriously

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7 Hopes for VIA, Central Van Pool Dim

7 Fla. Supershow Attendance And Sales Up

7 Vixen Ends Production

7 Fleetwood To Open Plant In Decatur

8 Starcraft Has Lease Program

8 WDA Sees Increase in Sales for '89

8 HRC Offers Anniversary Series

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10 Bostrom Seating Buys Kustom Fit

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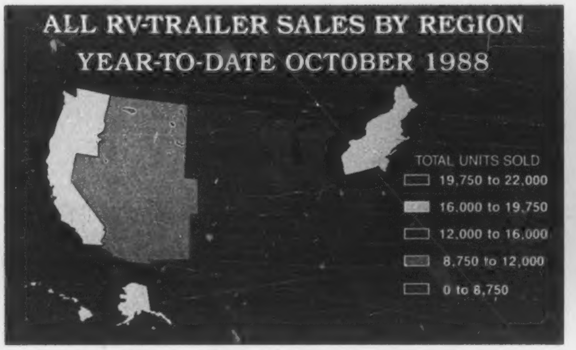
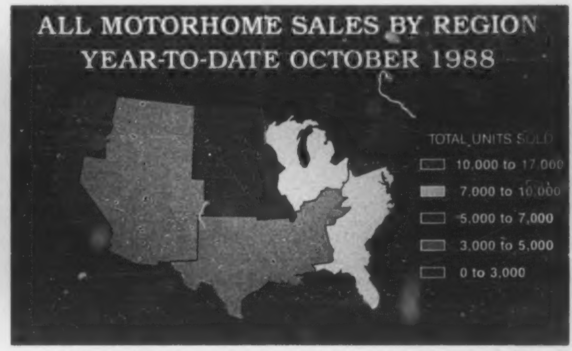
OCTOBER SALES WERE DOWN

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, **Hawaii**; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, **Missouri**, Nebraska, North Dakota, South Dakota.

The RV industry suffered a bit from the four-year phenomenon called presidential elections. The buying public and RV dealers alike seemed to postpone their buys until a clear front-runner was declared.

For the month of October 1988, sales volume for the RV-trailer market was below that of 1987 in six of the seven main regions, while the motorhome market had all seven regions below 1987 levels for the same month. The year-to-date numbers remained positive, with RV trailers at 2.74% and motorhomes at 1.3% ahead of October 1987 year-to-date figures.

The motorhome market experienced a nationwide decrease of 13.5% in retail sales for October. This was the largest one-month decline in 1988.

Figure 1 shows the regions ranked by percent of change from October 1987. Within the West North Central region, South Dakota had the largest positive percent of change in sales. In the South Atlantic region, the state of Georgia had the largest decline in percentage change.

The year-to-date ranking for the seven motorhome regions for October year-to-date can be seen in Figure 2. New Mexico had the largest positive percent of change in the Mountain region for October year-to-date, while North Carolina had the largest negative percentage of change in the South Atlantic region.

Similarly, the RV-trailer market experienced a nationwide decrease; retail sales were down 8.9% in October. This was the second largest decline that the RV-trailer market experienced in 1988.

Figure 3 shows the nation's main regions ranked by their percentage change in RV-trailer sales in October 1988 compared with the same month in 1987. Within the top-ranked Mountain region, New Mexico had the largest positive percentage change. South Carolina had the largest decline in October for the South Atlantic region.

The year-to-date ranking of the seven regions of the country for RV-trailer sales can be seen in Figure 4. In the West North Central region, Nebraska had the greatest percent of change. In the South Atlantic region, Florida experienced the greatest decline in RV-trailer sales.

October should be the bottom of the decline for 1988, since buyers started to get a better feel for who was going to be the winning presidential candidate in November. Also, November 1988 should prove to be a better month than November 1987, since buyers were feeling unstable then about the market following Black Monday.

Overall, we still expect a positive increase for year-end 1988 over 1987 in both motorhome and RV-trailer sales. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

MOTORHOME MARKET

Oct. '88 Rank	Region	% of Change From Oct. '87	Sept. '88 Rank
1	W.N. Central	– 2.90	7
2	Mountain	– 7.60	1
3	E.N. Central	– 7.72	5
4	S. Central	–11.50	4
5	Pacific	–11.90	3
6	Northeast	–20.20	2
7	S. Atlantic	–24.30	6

Figure 1

MOTORHOME MARKET

Oct. '88 Rank	Region	% of Change Year-to-Date	Sept. '88 Rank
1	Mountain	10.90	1
2	Pacific	8.91	2
3	Northeast	1.08	3
4	E.N. Central	.90	4
5	W.N. Central	–2.94	5
6	S. Central	–4.77	6
7	S. Atlantic	–10.79	7

Figure 2

RV-TRAILER MARKET

Oct. '88 Rank	Region	% of Change From Oct. '87	Sept. '88 Rank
1	Mountain	12.60	2
2	S. Central	–7.47	1
3	Pacific	–7.60	5
4	E.N. Central	–10.80	3
5	W.N. Central	–12.10	6
6	Northeast	–13.20	4
7	S. Atlantic	–16.90	7

Figure 3

RV-TRAILER MARKET

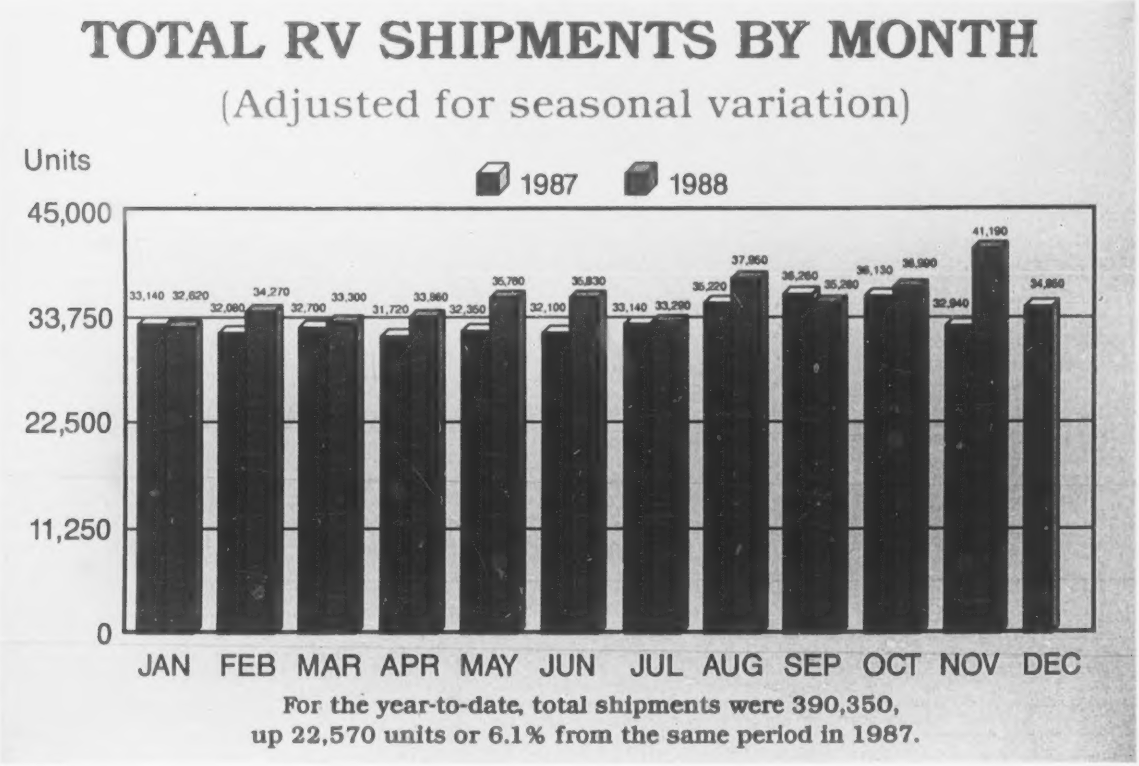
Oct. '88 Rank	Region	% of Change Year-to-Date	Sept. '88 Rank
1	W.N. Central	7.93	1
2	Mountain	7.74	2
3	Northeast	5.80	3
4	Pacific	4.00	4
5	S. Central	2.55	5
6	E.N. Central	.38	6
7	S. Atlantic	–3.90	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

CAUTION FROM CABOT COVE

MORTON J. MARCUS


TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)

For the year-to-date, total shipments were 390,350, up 22,570 units or 6.1% from the same period in 1987.

Figure 1

One of the most popular TV series in the past few years has featured a lady mystery writer who lives in a Maine town where all characters are caricatures. They deliver wiley wisdom with clam chowder, they roll their eyes to express the entire range of human emotion, and they specialize in a flamboyant restraint, which is supposed to represent New England at its most charming.

If the latest RV shipment data had been released in Cabot Cove, one of these characters might have said, "Now, hold on, there's no sense in gettin' all excited 'bout these numbbas 'til we see some mawr latta on." As is always the case of Cabot Cove philosophy, they would be "durn right."

The November 1988 shipment figures were spectacular. RVIA reported 32,300 units and, when adjusted for normal seasonal patterns, the total came out at nearly 41,200 *(See Figure 1.)* This was an increase of 25% from the same month last year. It represented the best month of 1988, beating out August by a full 3,200 units. It pumped total annual shipments up to more than 22,500 units above 1987. Even staid New Englanders would offer a sustained raised eyebrow at those "numbbas."

Yet, as frequently stated here, monthly data must be taken in small doses and with care. The rise in shipments for November above those of October was 4,200 units (10.2%) – clearly a substantial gain – but it was made up of one enormous increase of 4,800 units (21.3%) in van conversions. *(See Figure 2.)* Towables also gained during the month, but only by 300 units or 2.3%. Motorhomes fell by nearly 900 units or 14.7% from the previous month.

All classes of motorhomes declined in November. For the year-to-date, only Class As and Class C minis showed any gains among the motorhomes. Van campers are running at a pace just three-quarters as fast as the previous year. Low-profile Class C's were off by nearly 20% from the year prior, and the micro-minis were down by a full third from their 1987 level.

Towables, by contrast, were up 3.6% or 4,800 units from 1987. Except for a 2% decline in conventional travel trailers, all towables were doing better than in 1987. Fifth-wheels led the towables category in up-volume (3,800 units) and in percentage gain (15.6%).

These positive notes for towables, however, were pale compared with van conversions. Fully 85% of the gain in RV volume for the year was accounted for by van conversions. These units have been moving at a pace of 11.5% ahead of 1987, with 19,230 more units shipped.

GRAPHICS: CUSTOM COLOR VISUALS

Trading Market Shares

Van conversions picked up 2.3 market-share points from a year ago in November *(See Figure 3.)* They now hold 47.8% of the market, with towables holding 35% and motorhomes accounting for 17.2%. Only fifth-wheels and truck campers showed any market-share gains, and none of these compared with the strides made by van conversions in 1988.

In November 1988, van conversions represented 54.7% of the market. This was the second time in four months that they held half or more of the total RV market. It was the first time since early 1986 that van conversions topped 50% of the total monthly volume. From February through April of 1986, they topped the 50% mark and then fell to a low of 41.1% by December 1986. *(See Figure 4.)*

From where do van conversions draw their market share? In November 1988, van conversions moved up by 6.8 points from their share in October. Four of those points came from motorhomes and the balance from towables. It would seem that motorhomes would be the most likely market to be exchanging units with van conversions. But, as Figure 4 shows, the market share of towables seemed to fluctuate more with changes in van conversions than it did with the share of motorhomes. The monthly market shares of van conversions and towables seem to be mirror images of each other, with motorhomes seemingly unaffected by the ups and downs of van conversions or towables.

In the 34 monthly up-and-down changes shown in Figure 4, van conversions moved 22 times in the opposite direction from motorhomes. When one went up, the other went down. Van conversions and towables, however, moved in the opposite direction, not in 22 but in 29 of the 34 monthly changes. This indicates, as does the graph, that towables, more frequently than motorhomes, yielded market share when van conversions gained. Conversely towables, more than motorhomes, were likely to be the beneficiaries in market share when van conversions lost some of their attractiveness.

These results are not conclusive. We need to give them some greater clarification, but they are suggestive of trade-offs within the industry. It will take more research over a greater period of time, bringing in other factors, before we can see how these trade-offs actually take place. △

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE OF UNITS	NOV 1988	PERCENT CHANGE FROM OCT	YEAR-TO-DATE 1988	YEAR-TO-DATE 1987	PERCENT CHANGE
Total RVs	41,190	10.2	390,350	367,780	6.1
Travel Trailers:					
Conventional	4,680	-7.0	53,180	54,290	-2.0
Park Models	630	30.0	6,710	6,130	9.4
Fifth-wheels	2,580	1.1	28,420	24,590	15.6
Folding Camping Trailers	3,840	12.9	38,350	37,520	2.2
Truck Campers	900	-10.3	10,030	9,350	7.3
Motorhomes:					
Class A	3,400	-9.3	38,170	37,470	1.9
Class B Van Campers	500	-57.4	5,080	6,810	-25.5
Class C:					
-Minis	1,940	-13.3	19,870	18,800	5.7
-Low Profiles	100	-9.1	1,810	2,250	-19.6
-Micro-minis	120	-20.6	2,160	3,230	-33.2
Multiuse Van Conversions	22,510	21.3	186,570	167,340	11.5

Note: Percentages are computed from unrounded data.

Figure 2

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.0	100.0
Travel Trailers:		
Conventional	13.6	14.8
Park Models	1.7	1.7
Fifth-wheels	7.3	6.7
Folding Camping Trailers	9.8	10.2
Truck Campers	2.6	2.5
Total Towables	35.0	35.9
Motorhomes:		
Class A	9.8	10.2
Class B Van Campers	1.3	1.8
Class C:		
Minis	5.1	5.1
Low Profiles	0.5	0.6
Micro-minis	0.6	0.9
Total Motorhomes	17.2	18.6
Multiuse Van Conversions	47.8	45.5

Detail may not add to total because of rounding.

Figure 3

RV MARKET SHARES BY PERCENT

(Jan 1986 to Nov 1988)

Yr/Month 1986	Van Conversions	Towables	Motor-homes	Yr/Month 1987	Van Conversions	Towables	Motor-homes	Yr/Month 1988	Van Conversions	Towables	Motor-homes
Jan	47.4	37.5	15.2	Jan	45.5	37.1	17.4	Jan	45.6	39.5	14.9
Feb	52.6	31.4	16.0	Feb	45.1	37.8	17.1	Feb	47.3	35.9	16.8
Mar	50.3	34.0	15.7	Mar	47.2	34.6	18.2	Mar	44.5	37.3	18.2
Apr	50.2	32.4	17.4	Apr	45.7	35.6	18.7	Apr	48.1	34.8	17.1
May	48.7	33.1	18.2	May	47.8	34.3	17.9	May	47.9	34.8	17.3
Jun	48.9	32.0	19.2	Jun	45.4	35.9	18.8	Jun	44.0	37.3	18.7
Jul	47.7	34.0	18.3	Jul	43.7	36.8	19.5	Jul	47.2	35.1	17.7
Aug	47.9	34.3	17.8	Aug	44.3	35.8	20.0	Aug	50.0	34.0	15.9
Sep	49.2	32.0	18.7	Sep	45.6	35.1	19.3	Sep	46.9	33.8	19.3
Oct	44.9	36.0	19.0	Oct	45.9	35.4	18.7	Oct	47.9	33.4	18.7
Nov	43.1	38.4	18.5	Nov	44.6	36.2	19.2	Nov	54.7	30.7	14.7
Dec	41.1	38.3	20.5	Dec	43.0	40.0	17.0	Dec	N/A	N/A	N/A

Figure 4

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MARCH 6, 1989

Plastics Play Growing Role In RV Industry

Rising material costs, along with an ever-present need to cut weights, improve styling and consolidate parts, will dictate a growing role for plastics in the RV arena, industry executives reported.

Because of limited production numbers and high tooling costs, however, RV makers will continue trailing Detroit in spearheading the use of the newer, more exotic, high-tech plastics, including durable, lightweight, advanced polymer composites. The Big Three automakers, having agreed in September to jointly research polymer-based composites for structural applications, have amplified their plastics use by 50% in the past decade, according to a recent study by Market Search Inc., Toledo, Ohio.

Each, in turn, has its own plastic projects in the works, using materials obtained from any of several global-scale suppliers:

- Ford Motor Co., Detroit, Mich., is developing a "half-plastics" Taurus, an all-plastic 1993 pickup truck and a two-seat "Low-Investment Vehicle," in which the number of body parts was reduced by 80%.
- General Motors (GM) Corp., Pontiac, Mich., is using plastic in the body panels of its planned 1990 Chevy/Pontiac GM-200 minivan and in the body and cargo box of its radically futuristic Sedona compact pickup.
- Chrysler Corp., Detroit, is reportedly working on a plastic Dakota pickup bed.

While a majority of Detroit's automotive engineers believe

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MAXIMIZING SERVICE PROFITS: Maximizing profits, minimizing losses and satisfying customers are just some of the benefits of a well-run service department. See page 24.

Early-Season National Show Reports Indicate Good Year for RV Sales

Despite mixed forecasts from economists for 1989, attendance and sales at the early-season shows appear to point to a very positive year for RV manufacturers and dealers.

One of the most upbeat reports came from the organizers and participants in the RV Supershow, held Jan. 11-15 in Tampa, Fla. According to Terry Varvil, executive director of the Florida RV Trade Association, which sponsored the show, attendance at the expanded show was up dramatically, with more than 34,000 people passing through the gates during public days and some 1,300 in attendance during the single trade-only day.

"We were extremely gratified by the outcome of the show this year," Varvil said, "and the reports from the dealers and manufacturers were very positive. Fleetwood posted some phe-

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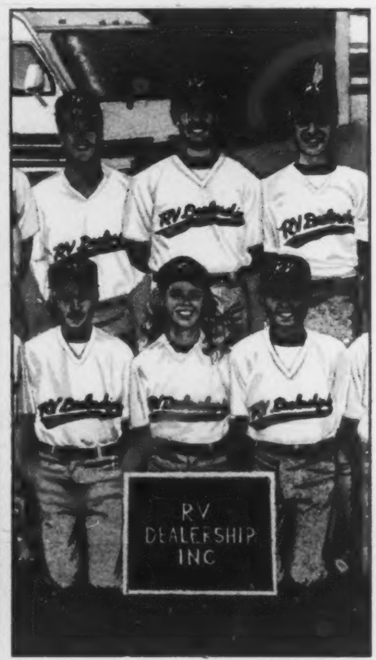

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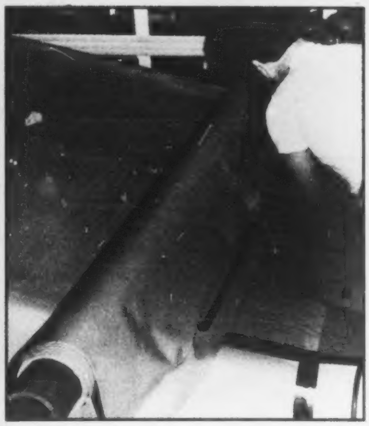

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DECEMBER HOLDS TRUE TO BEING 'BAD'

GAYLORD MAXWELL

December is always a bad month for RV dealers, and December 1988 was no exception – except that it was worse than the previous one, reported RVB's Dealer Advisory Board (DAB).

Unit sales, both new and used, and dollar volume were down from December of 1987. Although a few dealers reported good grosses, they tended generally to be on the low side. Bottom lines were rated about equally fair and poor.

However, December was far from being a disastrous month. In fact, three categories of new units were up. Even though grosses were on the low side, there were some good or fair marks for new-unit sales. Used units fared better, with nearly two-thirds of the DAB members rating grosses good or excellent. About half rated the service-and-accessory business good.

New-unit inventories were high, according to the DAB, while used stock seemed to be average or even low. Both lot traffic and the percentage of new buyers received low ratings.

Since this month's report marked the end of the calendar year, some year-to-date observations and conclusions were in order. Chief among those observations was that, generally, 1988 was a bit down from the previous year. In total units, it was off 1%; new units were down 3%, and used were up 1%. Both motorhomes and fifth-wheels chalked up increases, while truck campers, travel trailers and camping trailers were a bit off the mark. Seven percent more dollars were taken in by the DAB as a group. Eight of our dealers were down in dollar volume, and 14 were up. Although large dealerships on the DAB were up by a margin of 3-to-1, medium-size dealers didn't fare much worse; they were up 2-to-1.

Bearing in mind that 1987 was a very good year for the industry and that our DAB did almost as well in 1988, the conclusion must be drawn that, generally, dealers had a good year. There's no reason to expect less in 1989.

Motorhomes

DAB sales of new motorhomes dropped sharply for the month of December. Only four of the 18 members who stocked them were up from the previous December. Even some of the big fellows who did very well in 1988 failed to match the numbers of the previous year. Used sales were almost identical with new. Profits, however, weren't bad; they were generally rated good.

Year-to-date, the overall picture was a little better. New-unit sales were up slightly (1% or 15 units) over 1987. Although used sales were slightly off, the difference was inconsequential; however, on an individual basis, many motorhome dealers were off the pace. Only six beat 1987's figures; 12 were down. Most of the big fellows managed to end up ahead of the previous year, or about the same. Medium or small-size dealerships fared less well. It appeared that large inventories and good service facilities made an increasing difference in sales.

The slight downturn for many motorhome dealers on the DAB suggested that 1989 will be a bit tougher than 1988, but still good overall.

Travel Trailers

It has been a close race all year for trailers, and December was no exception. Year-to-date, the battle was almost even: down 3% in new units and up 1% in used. Thirteen DAB members were down in new units, and seven were up. As with motorhomes, used-unit figures nearly equaled those of new. The point: The used aspect of the RV business has become almost as important as the new.

Profit ratings for trailers weren't too bad for December, but they tended to be a little on the weak side.

The travel-trailer business has changed in the past few years. No one gets big unit numbers the way they used to. Now, it is more a matter of trying to make good grosses on fewer deals.

There's not much reason to believe that 1989 will see any kind of dramatic change in sales for the average dealer.

Truck Campers

There was very little camper activity for our DAB in December, so the monthly percentage figures do not mean much. For the year-to-date, there was a new-unit drop, but used sales remained the same. Although eight of our DAB members stocked campers, only three sold at least two-digit numbers for the year. One of those dealers increased sales in 1988, and the other two dropped.

In spite of the negative figures for the DAB, the overall camper picture didn't look too bad. Even though the unit numbers were not impressive, profits were good.

Folding Camping Trailers

Sales of fold-downs were so poor in December that the figures were meaningless.

continued on page 23

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	DEC. 1988	DEC. 1987	% CHANGE	1988	1987	% CHANGE	DEC. 1988	DEC. 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	70	82	− 15	1,686	1,671	+ 1	69	80	−14	1,564	1,594	− 2
TRAVEL TRAILERS	51	50	+ 2	1,209	1,245	− 3	47	54	−13	1,204	1,196	+ 1
TRUCK CAMPERS	16	24	− 33	224	254	−12	7	11	−36	119	119	0
CAMPING TRAILERS	9	4	+125	893	1,045	−15	8	7	+14	335	289	+16
FIFTH-WHEELS	21	17	+ 24	377	312	+21	10	9	+11	217	199	+ 9

	FOR MONTH			YEAR-TO-DATE		
	DEC. 1988	DEC. 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$6,982,500	$7,648,842	− 9	$150,531,551	$140,689,940	+7
TOTAL UNIT SALES	308	338	− 9	7,828	7,924	−1
NEW-UNIT SALES	167	177	− 6	4,389	4,527	−3
USED-UNIT SALES	141	161	−12	3,439	3,397	+1

DAB PERSPECTIVE *from page 19*

For the year-to-date, however, it was apparent that sales were not up to par. Eight of the DAB members who seriously stocked this type (those who got at least double-digit unit sales for the year) were down from the previous year, and only two were up. All three of the three-digit dealers of this category were down.

To a certain extent, fold-down sales have been inhibited by the popularity of small cars. No doubt, they have also been somewhat curtailed by price. Many weigh a ton after loading, and some cost more than $10,000. Still, there are plenty of smaller and less costly ones. They really should be doing better.

> *The slight downturn for many motorhome dealers suggested that 1989 will be a bit tougher than 1988, but still good overall.*

Fifth-wheels

Fivers were the shining light in 1988. The 21% increase in new-unit sales by the 16 DAB dealers who stocked them was, by far, the best for any type. Twelve of those dealers were up in sales. Unit sales numbers were not large (the best was 84 for the year), but profits were great. Fivers were the only type to get profit ratings of good to excellent for the month – as they regularly did during the year.

Fifth-wheel sales should continue to soar in 1989. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

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This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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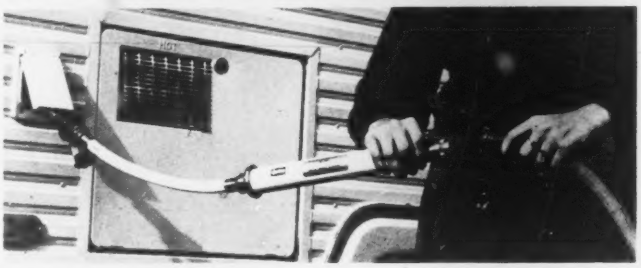

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MARCH 20, 1989

New RVIA Study Shows Big Rise In RV Owning

RV ownership rose considerably during the 1980s – from 1-in-12 households in 1980 to 1-in-10 in 1988 – in spite of a rather lackluster economic environment, according to a preliminary draft of the latest University of Michigan study of RV and van-conversion consumers.

The study, which was commissioned by RVIA and released to industry leaders at the RVIA annual meeting, Feb. 26-March 1 in Maui, Hawaii, found that the number of households owning RVs grew by nearly 2 million from 1980 to 1988 to a total of 7.74 million, an average increase of 100,000 households per year.

Although van conversions accounted for a large share of that increase, ownership of other RV types – with the exception of truck campers – also posted gains during the '80s. And most of these gains were garnered without the frustrating boom-and-bust cycles of the industry's earlier years, stressed Richard T. Curtin, director of University of Michigan (UM) Surveys of Consumers, which conducted the study.

For these and other reasons, Mac Bryan, RVIA vice president of administration, said he views the latest Curtin study as largely positive. He pointed out that RV gains were made despite the many negatives encountered in the 1980s and outlined in the study – such as lagging purchasing power, the loss of thousands of high-paying manufacturing jobs and burgeoning used-equipment inventories. Added to those problems was the delayed impact of the "baby bust" of the 1930s, which dimin

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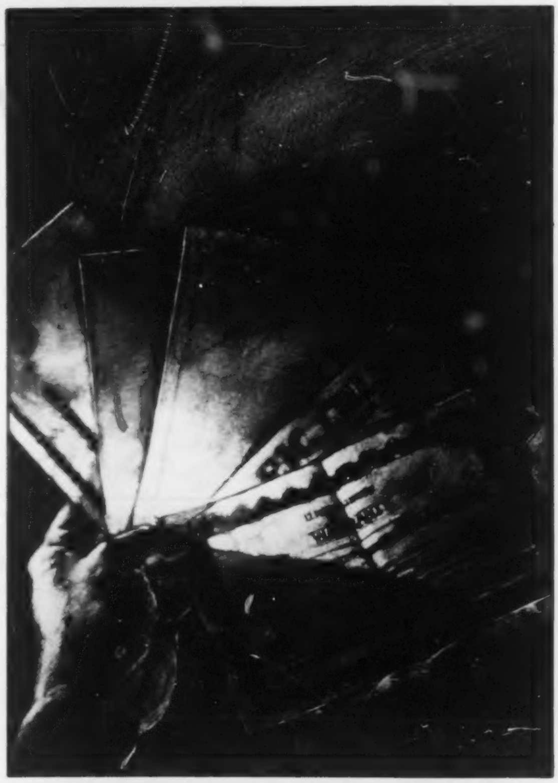

EXTENDED WARRANTIES: Should RV makers follow Detroit's lead in pushing long-term warranties? Do extended warranties increase a manufacturer's competitive edge? The debate centers on questions of cost, product complexity, competitive reaction and consumer expectations. See page 35.

IMHA Sets International Focus For Retooled South Bend Show

The Indiana Manufactured Housing Association/Recreation Vehicle Indiana Council (IMHA/RVIC) has announced a plan to draw more traffic to its 35th Annual Midwest Manufactured Housing and RV Show by capitalizing on the recent growth in foreign trade and by enticing manufacturers to show more new products.

As part of a new foreign-trade focus, the Indianapolis, Ind.-based trade group explained that it will be going to Europe this spring to promote the show – slated for Aug. 8-13 at the University of Notre Dame's Athletic & Convocation Center in South Bend, Ind. – in a joint effort with the Indiana Department of Commerce (IDOC). The goal will be to lure foreign dealers and distributors to the U.S. show, where they will be treated to a special VIP booth and the opportunity to arrange

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COVER ILLUSTRATION: JODY EASTMAN

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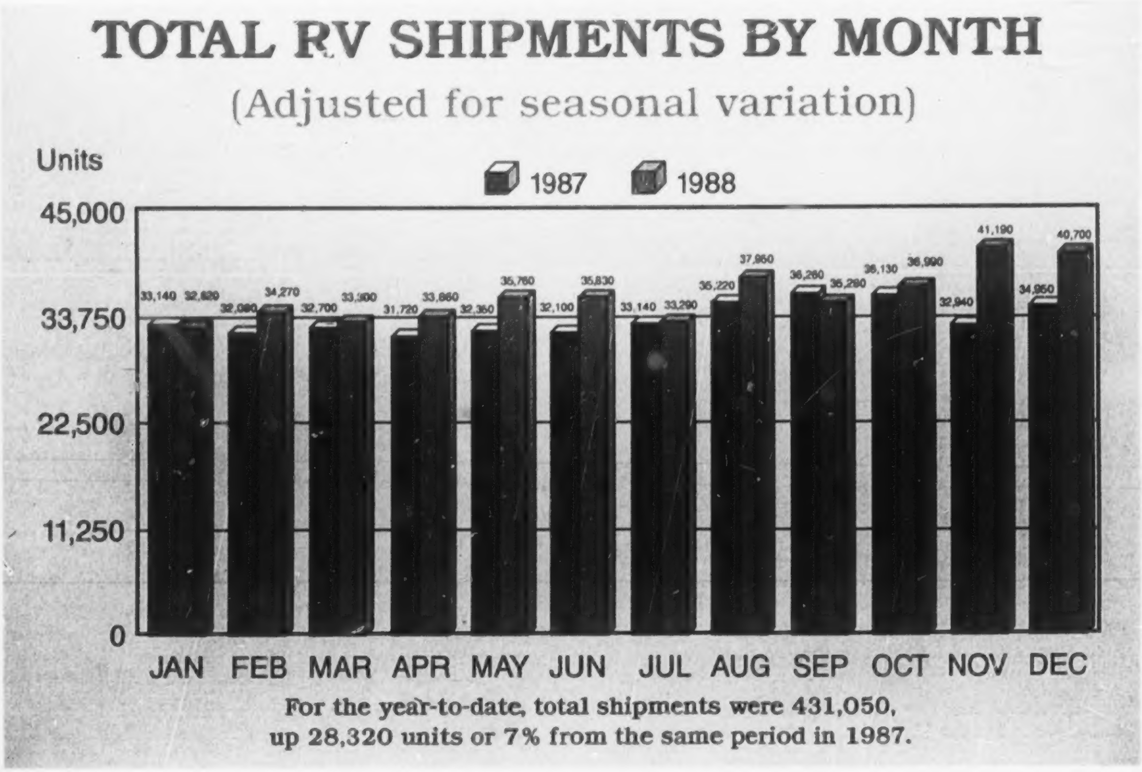
A WARM GLOW IN THE EARLY-WINTER MONTHS

MORTON J. MARCUS



TOTAL RV SHIPMENTS BY MONTH
(Adjusted for seasonal variation)

For the year-to-date, total shipments were 431,050, up 28,320 units or 7% from the same period in 1987.

Figure 1

January 1989 was strangely warm. Across the country, heating bills were down, and people went to work with cheerful disbelief. Some serious folk speculated that the earth was experiencing a greenhouse effect. Some cynics said it was a residual from the elections of the preceding year.

But it now appears that the real reason for the balmy days was the torrid climax to RV shipment activity that occurred in November and December of 1988.

In December 1988, for the second month in a row, the shipment data from RVIA, when adjusted for normal seasonal patterns, exceeded 40,000 units. *(See Figure 1.)* After averaging just under 33,600 units per month in 1987 and improving to a monthly average of nearly 35,000 in the first 10 months of 1988, RV shipments broke through to average 40,940 in the last two months of '88.

This strong finish to the year meant that just about half of the gain of 1988 over '87 was realized in just the last two months. With the exception of January and September, each month in 1988 had been an improvement over the same month in 1987; November and December, however, accounted for nearly 14,000 of the 28,300-unit total by which 1988 surpassed '87.

The Detailed View

December 1988 was not quite as strong as November, but the difference was less than 500 units, or just a 1% decline. The strength in the industry was very widespread. If van conversions are excluded, the industry climbed by 2,000 units in December compared with its November performance. *(See Figure 4.)*

Towables all advanced in December to finish the year *up* by nearly 5,200 units, or a 3.5% increase. Conventional travel trailers were down for the year by about 1,100 units (less than 2%), but all other towables recorded gains. The best performance in

GRAPHICS: CUSTOM COLOR VISUALS

INDEX OF QUARTERLY SHIPMENT CHANGES
(1st Quarter 1986-Base Period)

Quarters/Years		Total RVs	Towables	Motorhomes	Van Conversions
1st	1986	95,150	32,720	14,850	47,580
2nd		93,290	30,310	17,030	45,940
3rd		96,460	32,240	17,640	46,580
4th		97,080	36,510	18,820	41,740
1st	1987	97,920	35,750	17,210	44,970
2nd		96,170	33,880	17,770	44,520
3rd		104,620	37,540	20,490	46,590
4th		104,030	38,680	19,060	46,290
1st	1988	100,190	37,620	16,670	45,910
2nd		105,460	37,570	18,700	49,190
3rd		106,520	36,520	18,760	51,250
4th		118,880	39,300	19,350	60,230

Figure 2

1988 in this group came from fifth-wheel trailers, which bounded ahead by more than 14% from 1987 levels, adding nearly 4,000 units.

Motorhomes fared less well in 1988. The group failed to stay even with 1987, dropping by about 1,000 units or slightly more than 1%.

Class B van campers had a weak showing in December 1988, which was in line with their performance for the entire year, during which total volume dropped by more than 1,600 units (a 23% drop). But Class B's were just one of several weak-performing areas in the motorhome group. Low-profile Class C's and the micro-mini Class C's also lost ground in 1988.

> *As the economy repeatedly performs better than expected, RVs seem to be sharing some of the positive shock effects.*

The gainers among motorhomes were the Class A units (up only 600 units, about 1%) and the Class C minimotorhomes, which bucked the trend for the motorhome group by adding 1,500 units for a 7.5% gain.

The big gainers for the year were van conversions. Surpassing the 200,000 mark, van conversions added 24,200 units for the year, posting a 13.3% gain. This massive increase on already high volume moved van conversions closer to the point at which they will hold half the market for RVs. *(See Figure 3.)* At 47.9% of the market, van conversions added 2.6 market-share points during 1988, and these were drawn more from motorhomes than towables.

Upward Trends

As shown in Figure 2, all three major groups gave evidence of a general upward trend in 1988:

- Total RV shipments crept upward, and a very strong fourth quarter in 1988 raised questions about where the market will go next.
- Towables hit a peak in the last quarter of 1988.
- Motorhomes seemed to be on the rise again after their tough times in the first quarter of 1988. The results of the fourth quarter of 1988 were just 5.6% below the peak third quarter of 1987.
- For nine out of 12 quarters through the end of 1988, van conversions were seemingly stuck in the 42,000 to 47,500 range. Then, in the second quarter of 1988, they started to break out and ended the year with dramatic strength.

This positive record clearly matches the national economic record, which continues to surprise all. As the economy repeatedly performs better than expected, RVs seem to be sharing some of the positive shock effects. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.00	100.00
Travel Trailers:		
Conventional	13.55	14.78
Park Models	1.71	1.64
Fifth-wheels	7.28	6.81
Folding Camping Trailers	9.92	10.44
Truck Campers	2.58	2.54
Total Towables	35.03	36.21
Motorhomes:		
Class A	9.65	10.19
Class B Van Campers	1.26	1.76
Class C:		
Minis	5.12	5.09
Low Profiles	0.46	0.60
Micro-minis	0.56	0.86
Total Motorhomes	17.04	18.50
Multiuse Van Conversions	47.92	45.28

Figure 3

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

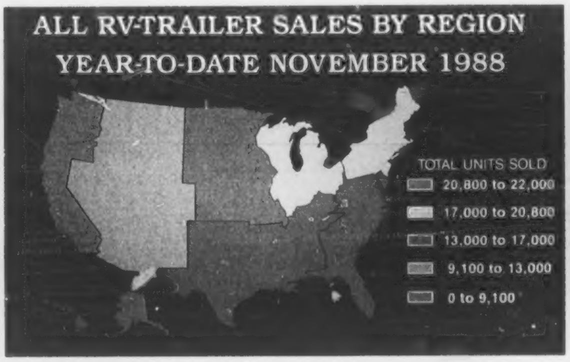
TYPE OF UNITS	DEC 1988	PERCENT CHANGE FROM NOV	YEAR-TO-DATE 1988	YEAR-TO-DATE 1987	PERCENT CHANGE
Total RVs	40,700	-1.2	431,050	402,730	7.0
Travel Trailers:					
Conventional	5,210	11.3	58,390	59,510	-1.9
Park Models	680	7.7	7,390	6,620	11.7
Fifth-wheels	2,970	14.9	31,390	27,420	14.5
Folding Camping Trailers	4,390	14.3	42,740	42,050	1.6
Truck Campers	1,080	19.4	11,110	10,250	8.4
Motorhomes:					
Class A	3,440	1.4	41,620	41,040	1.4
Class B Van Campers	360	-27.8	5,440	7,080	-23.3
Class C:					
-Minis	2,180	12.5	22,050	20,510	7.5
-Low Profiles	160	60.0	1,970	2,410	-18.4
-Micro-minis	240	107.5	2,400	3,480	-31.0
Multiuse Van Conversions	20,000	-11.2	206,570	182,370	13.3

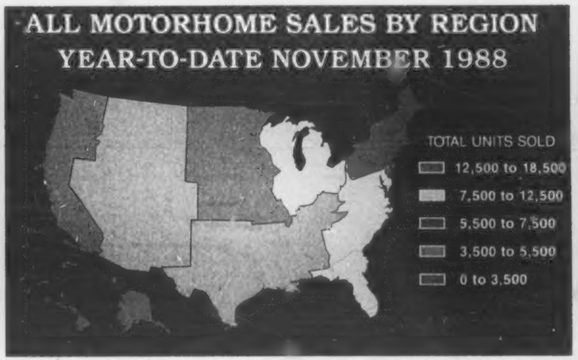
Note: Percentages are computed from unrounded data.

Figure 4

NOVEMBER '88 REVERSED DOWNHILL TREND

THOMAS WALWORTH


ALL RV-TRAILER SALES BY REGION
YEAR-TO-DATE NOVEMBER 1988


ALL MOTORHOME SALES BY REGION
YEAR-TO-DATE NOVEMBER 1988

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii;, **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

On a year-to-date basis, the RV industry made advances on both the RV-trailer and motorhome fronts in November 1988. For the first time in four months, the motorhome market was up for the month compared with the same month in 1987. The slide that both trailers and motorhomes had been experiencing started to reverse itself in November. Four of the seven motorhome market areas reported increases over the same month in '87, while the performance of RV trailers improved in three of seven regions compared with November 1987.

Compare those good November performances with the October 1988 numbers, when all seven motorhome market regions were behind last year's sales, and the RV—trailer market was behind last year's levels in six of seven regions.

The motorhome industry recorded a 4.2% increase in sales for the month of November as compared with November 1987—the first positive monthly comparison since August 1988. Figure 1 shows the November 1988 ranking of the seven regions by percent of change in motorhome sales from November 1987.

Within the top-ranked Mountain region, Arizona led with the largest positive percent of change, while Florida experienced the largest decline in the bottom-ranked South Atlantic region.

Figure 2 features the year-to-date rankings of the same seven motorhome market regions by percent of change in sales for the January-to-November period of 1988, compared with the same time period the previous year.

New Mexico reported the largest year-to-date increase in the leading Mountain region. North Carolina had the largest negative percentage of change in the lagging South Atlantic area.

Meanwhile, the RV-trailer industry experienced a nationwide decrease of 7.4% in retail sales for the month of November 1988, when compared with November 1987. This still represented an improvement of 17% over October 1988 numbers. Figure 3 below lists the seven market regions ranked by percent of change from November 1987.

Within the highest-ranked Mountain re-

MOTORHOME MARKET

Nov. '88 Rank	Region	% of Change From Nov. '87	Oct. '88 Rank
1	Mountain	27.70	2
2	Pacific	19.60	5
3	W.N. Central	17.30	1
4	S. Central	5.36	4
5	Northeast	−3.10	6
6	E.N. Central	−4.30	3
7	S. Atlantic	−24.90	7

Figure 1

MOTORHOME MARKET

Nov. '88 Rank	Region	% of Change Year-to-Date	Oct. '88 Rank
1	Mountain	12.90	1
2	Pacific	10.52	2
3	Northeast	1.53	3
4	E.N. Central	.93	4
5	W.N. Central	−1.11	5
6	S. Central	−3.62	6
7	S. Atlantic	−11.43	7

Figure 2

RV-TRAILER MARKET

Nov. '88 Rank	Region	% of Change From Nov. '87	Oct. '88 Rank
1	Mountain	28.80	1
2	Pacific	5.20	3
3	S. Central	1.50	2
4	W.N. Central	−10.20	5
5	S. Atlantic	−18.70	7
6	E.N. Central	−23.30	4
7	Northeast	−23.40	6

Figure 3

RV-TRAILER MARKET

Nov. '88 Rank	Region	% of Change Year-to-Date	Oct. '88 Rank
1	Mountain	9.01	2
2	W.N. Central	6.90	1
3	Northeast	4.50	3
4	Pacific	4.30	4
5	S. Central	2.50	5
6	E.N. Central	− .50	6
7	S. Atlantic	−4.50	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

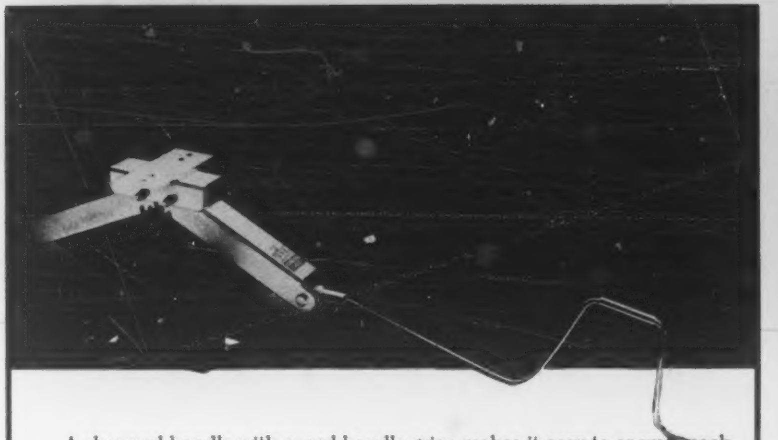
gion, Arizona had the largest positive percent of change. In the lowest-ranked Northeast region, Massachusetts recorded the largest decline for the region.

Figure 4 features the 1988 year-to-date ranking of the seven regions by the percent of change in RV-trailer sales from the same period in 1987.

In the top Mountain region, Idaho came in with the largest percent of increase, while Florida had the largest decline in sales of RV trailers in the bottom South Atlantic region.

Overall, we saw a positive trend coming together in November 1988 as illustrated by the number of positive markets. There was also a reshuffling of the monthly markets as far as regional rankings. This is the type of market, one with gradual but substantial growth, that is best for the RV industry. The year-end numbers should make the picture clearer to permit a projection of 1989 motorhome and RV-trailer markets. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.



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APRIL 7, 1989

RV Makers Expand Into Specialty Units

Commercial-vehicle production is gaining favor among RV manufacturers as both a profit center and a hedge against fluctuations in the RV marketplace, industry observers indicate.

Both small and large RV makers are now converting motorhome shells into medical units, bookmobiles and mobile sales shops. Shuttle buses and parcel-delivery vans are occupying more production space.

The trend was underscored by Winnebago Industries Inc.'s recent announcement of wide-scale production of a commercial entry, a new line of route-delivery step vans featuring a front-wheel-drive chassis designed and built by the Forest City, Iowa, motorhome maker. Winnebago's new aluminum-skinned walk-in van, which will feature a low-floor height and lengths of 22 and 25 feet, will be built in an 86,000-square-foot Forest City plant. The new unit's unveiling is set for September at a baking-industry convention.

Wakarusa, Ind.-based Holiday Rambler Corp. (HRC) already is a factor in the commercial-vehicle market through its Utilimaster Corp. division, a builder of "high cube" trucks, step vans and truck bodies, which has posted 50% annual growth in recent years.

In addition to its standard-size Aeromaster step-van line, Utilimaster – the nation's largest producer of cutaway high-cube vans – last fall introduced a Chrysler-powered front-wheel-drive Aeromate mini walk-in van on a chassis produced by its new subsidiary, Utilimaster Motor Corp., also located in Wakarusa.

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MICROS: Thanks to a new Toyota chassis, market consolidation and product diversification, micro-minimotorhome makers are confident that their market [illegible] back on its feet. See page 32.

WDA Members to Vote on Increasing Suppliers' Role

An agreement has been reached between a group of North American RV aftermarket suppliers and the Bradenton, Fla.-based Warehouse Distributors Association (WDA) that may soon change the character of the 20-year-old trade association.

A ballot mailed to WDA's existing members in March and April will ask them to vote on a set of amended bylaws offering more equal representation for suppliers on the association's board of directors and executive committee.

If members support the changes, it will bring together, under one umbrella, a majority of the more active RV suppliers, who have indicated their desire for a more effective voice in industry affairs, and the 256 supplier and distributor members of WDA.

Along with the association's manufacturer's agent members, WDA's membership already represents "substantially more than half" of an aftermarket parts and accessory sector totaling about a half-billion dollars annually. However, WDA's distributor ranks have dwindled in an age of corporate consolidations and acquisitions to the extent that its 180 supplier members today outnumber distributors by nearly a 3-to-1 margin.

The supplier movement emerged last summer, as aftermarket suppliers expressed their frustrations at outnumbering other RV industry segments in key national trade associations while lacking the attendant clout and national platform. A consensus emerged out of a supplier meeting held during the Midwest Manufactured Housing & RV Show in South Bend, Ind., last August that the supplier group and WDA should negotiate a consolidation, particularly since WDA already had

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A MIXED FORECAST FOR 1989, 1990

MORTON J. MARCUS

The slowdown in the growth of the national economy during 1989, which was forecast in these pages last December, may be both more and less than previously indicated. We are not trying to be obscure. Dramatic movements in both the RV industry and the economy since our last forecast have recast the view for 1989 and 1990.

Our main conclusions are unchanged: The national economy and the RV industry will realize slower growth in 1989. However, the pattern of that growth is altered, and the outlook for 1990 is more somber, but not depressing.

Overview

1988 closed with strong shipments moving the industry dramatically upward. The fourth quarter of '88 saw total shipments rise by 10,000 units over our expectations. Most of this strength at year-end was in van conversions. This sudden rise in the industry was a reflection of strength in the national economy, which outperformed expectations.

Despite disquieting factors in the national economy, the RV industry is expected to grow in 1989 by 19,000 units, or a 4.4% total gain. Van conversions, Class B and Class C motorhomes, and truck campers will carry the industry forward, with declines anticipated for travel trailers, folding camping trailer and Class A motorhomes.

This 1989 growth is in comparison to *all* of 1988. While the quarterly pattern of shipments seen in Figure 1 is generally downward for all of 1989 and '90, this is a downward movement from a sudden and remarkably high fourth quarter of 1988. If there were any special factors that inflated those numbers in that period, they are unknown to us. It is more likely that the RV pattern will be flat, not downward in 1989.

By the time 1990 arrives, the weakening forces of the national picture will reduce shipments for all types of RVs. The industry is now forecast to ship less than 425,000 units in 1990, a decline of just 1.6% from the recent 1988 levels.

The Detailed View

Towables, which closed 1988 with a growth of 5,300 units, will fall to their 1987 levels in 1989, meaning total shipments of 145,000 units. In 1990, it is expected that there will be a further decline to about 136,300 units.

Motorhomes declined by 1,700 in 1988, after hitting nearly 75,000 units in 1987. That decline is anticipated to continue in 1989, with a still greater loss of 2,500 units. In the following year, the broad economic forces discussed below will shave another 8,100 units from the total amount of motorhome shipments.

Van conversions, on the other hand, advanced by more than 24,000 units (13.2%) in 1988, and 1989 will show another increase by year's end of 27,000 units. However, each quarter is expected to rise at a decreasing rate. By 1990, a 4% decline (9,400 units) is expected.

Annual shipments for individual types of RV may show higher levels in 1989 than in 1988, but the drift is downward. The higher annual numbers are realized because, by and large, the first half of '89 will be better than the first half of '88, but then the second half of '89 will be below the close of '88. Total RV shipments in Figure 1 show this most clearly: In the first half of '88, they totaled 206,100 units; in '89, this figure is expected to be 229,200 units. Then in the second half of '89, the total is forecast to be 220,400 units, down from the 225,500 of '88.

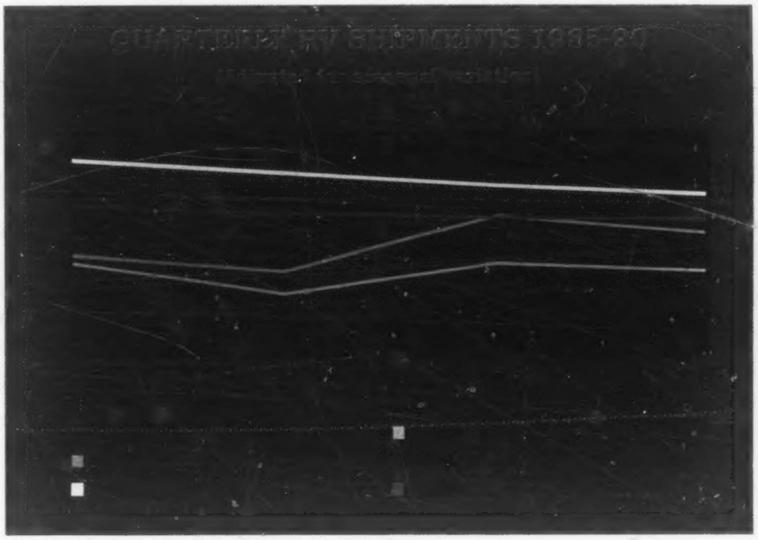

Figure 1

On balance, then, '89 is higher than '88, but the trend is down. This numeric phenomenon results in a rise of 27,400 units for van conversions in 1989, followed by a loss of 9,400 units the following year. A more positive view is that, in the next two years, van conversions will average more than 10% above their 1988 level. A similar pattern holds for truck campers, which will average shipments that are 2% higher in the next two years than their 1988 level.

Less fortunate are Class B motorhomes, which had a down year in '88 and will average about the same 5,500-unit level for the next two years. Also, travel trailers are expected to average 10% below '88 levels. For folding camping trailers, the forecast is a little better: an average decline of only 1% below their 1988 level.

Class C motorhomes, by contrast, will have better years in both 1989 and '90 than they did in '88.

Figure 2 presents the detail for the var-

GRAPHICS: CUSTOM COLOR VISUALS

QUARTERLY FORECAST

ANNUAL GROWTH RATES AFTER ADJUSTMENT FOR INFLATION

	1987 Actual	1988 Actual	1989 Forecast	1990 Forecast
Gross National Product	3.4	3.8	2.4	0.9
Consumer Spending	2.7	2.8	2.2	0.7
Business Investment	2.8	9.5	1.8	0.9
Residential Investment	−0.1	−1.6	6.4	−1.7
Exports	13.1	17.7	7.4	5.3
Imports	7.9	8.3	5.4	1.4
Government Purchases				
Federal	1.7	−3.2	1.0	−1.0
State & Local	3.3	2.7	3.1	2.4

Figure 3

KEY FACTORS IN THE FORECAST

	1987 Actual	1988 Actual	1989 Forecast	1990 Forecast
Prime Interest Rate (%)	8.2	9.3	12.3	13.4
Value of the Dollar (1973 = 100)	96.9	92.8	89.6	85.9
Unemployment Rate (%)	6.1	5.4	5.2	5.5
Percent Change at Annual Rates:				
Money Supply (M2)*	6.5	5.1	3.8	6.1
Real Disposable Personal Income	1.7	1.0	2.6	1.0
Consumer Price Index	3.7	4.1	5.9	6.6
Food & Beverage Prices	4.1	4.1	6.8	7.6
Motor-Fuel Prices	4.0	0.8	7.1	10.2

*M2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

Figure 4

ious types of RV models in our forecast. Here it is clear that the big-ticket items are the hardest hit. Travel trailers are down in both of the next two years, as are Class A motorhomes. From a high of 97,100 units in 1988, travel trailers fall to 85,300 units in 1990. The Class A units drop by 10,000 units from their 41,500 level of 1988.

The National Economy

The books are closed on 1988. Real gross national product (GNP), the value of all goods and services produced in the American economy after adjustment for inflation, was up by 3.8%. This strong growth is not anticipated for 1989 and '90. *(See Figure 3.)*

A growth rate of 2.2% is expected for 1989, followed by a very sluggish 0.9% growth in 1990. Consumer spending is expected to grow at comparable rates.

Export activity will be the leading sector in 1989 and 1990. Slower growth in business investment will retard overall development. Residential investment and federal government spending in 1990 are likely to decline.

Aren't these predictions just shy of saying that a recession is at hand? *No.* Slow growth is still growth. But it is true that a recession is a stronger possibility in our view than it was just three months ago. The acceleration in inflation, higher capacity-utilization rates in manufacturing and the unresolved federal deficit problem have brought higher interest rates upon the nation, with their usual strong implications for the health of the RV industry.

Tightening Monetary Screws

In response to increased inflation factors, the Federal Reserve Board has been following the course of slower growth in the money supply. Already in 1988 we have seen this slow down (see Figure 4), and even slower monetary growth is forecast for '89. The result is an expectation of sustained higher interest rates. Nonetheless, consumer prices continue to rise, because it is so difficult to turn expectations around.

Last year's drought will have some bearing on food prices, but don't accept that as the chief reason for the higher prices on your eggplant, parmesan cheese and beer. The OPEC nations are at work, too, but they are only are part of the force pushing petroleum prices upward. Inflationary expectations are on the loose, and firms are pressing to raise prices since they prefer to have fat margins cut by increases in the prices of labor and supplies rather than by the thin margins of current pricing.

The OPEC forces (and expected Bush ad-

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ANNUAL TRENDS

	1987 Actual	1988 Estimated	1989 Forecast	1990 Forecast
Unit Auto Sales (millions)	10.3	10.6	10.5	10.6
Unit Housing Starts (millions)	1.6	1.5	1.4	1.3
Federal Budget Deficit (billion $)	157.8	143.3	150.2	156.8
Percent Change in Compensation per Manhours	4.6	5.0	5.9	6.4
Productivity	1.0	1.0	−0.5	−0.3
Unit Labor Costs (Compensation Less Productivity)	3.6	3.9	6.4	6.7

Figure 5

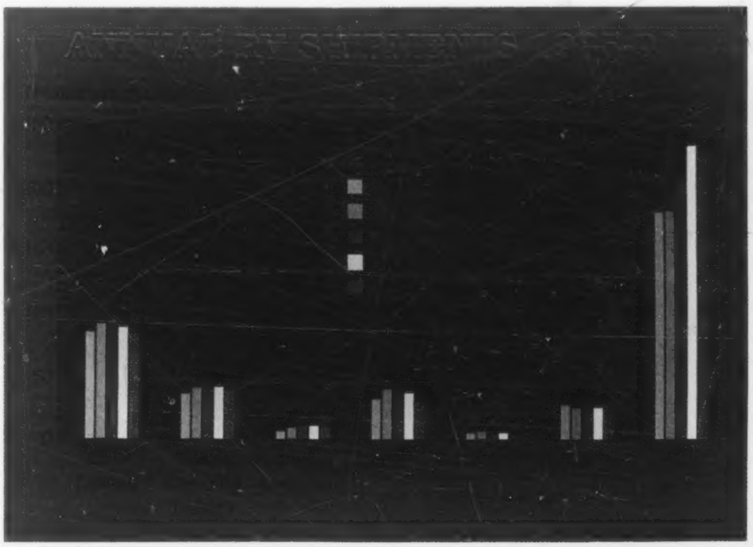

Figure 2

JANUARY WAS BEST-EVER SINCE '84

GAYLORD MAXWELL

RVB's Dealer Advisory Board (DAB) had a great January, the best first month since 1984. Nineteen of the DAB's 24 members were up from the previous year; in total dollars taken in by the board, the increase was 28%.

Four of the five RV categories were up in new-unit sales; one category of used was down (one was the same). New-unit sales were up 24%; used were up 7%.

New-unit profits were rated good or fair, while used-unit ratings were generally good or excellent. The service-and-accessory business was rated good, as were grosses. Bottom lines were considered good or fair.

Although one month does not make a trend, there is no doubt that January results give reasons for optimism in the RV business.

Motorhomes

After a rather discouraging ending last year, January's results were striking. The 40% increase in new-unit sales was plenty of reason for rejoicing by the 13 dealers out of 19 who beat last year's numbers. Four of the large dealers really hit the jackpot and accounted for much of the increase. Most smaller dealers were down only a unit or two. New-unit profits were generally rated good or fair.

Although the increase was not as great, used motorhomes did well in January, too; profits were great.

Based on the DAB's January report and other indicators, it would seem safe to predict that this will be a very good year for motorhome dealers.

Travel Trailers

The 20% increase in new-unit sales by the DAB was substantial, but it did not reflect a majority situation. Ten members of the board were up in sales, but 12 were either down or the same as the previous January. The fact that one dealer jumped from four units last year to 16 this January distorted the overall picture. However, it was by no means a bad month; any plus figures are good. Used units slipped into the plus column, too. Profits were rated generally good or fair.

Based on the evidence presented by our DAB for January, it would appear that travel-trailer dealers have a bumpy road ahead of them.

Truck Campers

This was the only "down" category for January, but it wasn't as bad as the percentages suggested. Both of our major camper dealers were slightly up for the month. The small numbers and the fact that one of our members dropped campers late last year threw us off kilter a bit. Profits were rated excellent by one of our major camper dealers, and the others reported fair ratings. There's no question that used sales were off.

Based on the "up" figures of both of our camper specialists, it would appear that this will be a reasonably good year for the serious camper dealer.

Folding Camping Trailers

Although it was early for substantial sales of this RV type, sales results in January boded well for '89. The increase over the previous January was small, but DAB dealers who stock this type more than welcomed any increase. Early-show results saw one of our "heavy hitters" of this type slightly ahead of last year and one slightly behind. Profits were rated good or fair.

There's neither reason for optimism nor pessimism in our figures for fold-downs in January. However, based on the evidence we have, it would seem reasonable to predict that 1989 will be very much a repeat of '88 for this RV type.

Fifth-wheels

Fivers were still on a roll. They ended up last year well ahead of the previous year, and there was no sign of a change in direction. Eight DAB members were up in new-unit sales, and four were down. No one on the board got really big-unit numbers; the highest was eight for the month, and most received three or fewer. Profits were rated generally good. Used units were slightly ahead of last January.

Anyone who bets that this year will see fiver numbers running ahead of last will be making a very safe bet. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JAN. 1989	JAN. 1988	% CHANGE	1989	1988	% CHANGE	JAN. 1989	JAN. 1988	% CHANGE	1989	1988	% CHANGE
MOTORHOMES	157	112	+40	157	112	+40	126	106	+19	126	106	+19
TRAVEL TRAILERS	91	76	+20	91	76	+20	69	68	+ 1	69	68	+ 1
TRUCK CAMPERS	11	13	−15	11	13	−15	7	15	−53	7	15	−53
CAMPING TRAILERS	66	64	+ 3	66	64	+ 3	8	8	0	8	8	0
FIFTH-WHEELS	35	26	+35	35	26	+35	17	15	+13	17	15	+13

	FOR MONTH			YEAR-TO-DATE		
	JAN. 1989	JAN. 1988	% CHANGE	1989	1988	% CHANGE
SALES VOLUME	$12,914,195	$10,070,572	+28	$12,914,195	$10,070,572	+28
TOTAL UNIT SALES	587	503	+17	587	503	+17
NEW-UNIT SALES	360	291	+24	360	291	+24
USED-UNIT SALES	227	212	+ 7	227	212	+ 7

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dassen,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Leonard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Posey,** Albuquerque, N.M.; **Edward Petersen,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

FORECAST *from page 19*

ministration policy favoring domestic oil producers) are likely to cause motor-fuel prices to rise faster than increases in the Consumer Price Index (CPI), which is also a depressing force for several class of RVs. *(See Figure 4.)*

The biggest factor working against RV growth, however, is the slowdown in the growth of real disposable income. After a 3.8% increase in 1988, we now foresee only a 2.6% growth in '89, and less than 1% growth in '90. Unemployment will begin to become a topic of greater national attention as we progress in the forecast period. Housing starts are expected to fall, while auto sales stagnate. *(See Figure 5.)*

The higher interest rates will lead to no improvement in the federal deficit situation, even though federal spending for goods and services is steady or declining. (Remember Gramm-Rudman-Hollings does not hold if the economy is not growing by 2% or better.) Meanwhile, compensation per manhour continues to rise, while we make little gain in productivity because we are not investing in new technology. The result is a steady climb in unit labor costs, the cost-push factor of inflation.

Summary

The RV industry is expected to grow again in 1989, but a squeeze will take hold early in the year and lead to a decline in shipments for 1990. The forces of inflation are encouraging the Federal Reserve Board to follow a monetary policy that leads to higher interest rates. We seem headed for a period of stagnation and inflation, or "stagflation" as the journalists like to call it.

The way out of this morass is not simple. It requires increases in investment leading to rising productivity. But businesses do not want to invest during a questionable time when demand may slacken and interest rates are high.

Investment incentives in the tax code can be achieved only if they are offset by higher taxes for other taxpayers. For whom? For you, not me, brother! That's the American credo. If George Bush thought he had a tough time with John Tower and the Senate, wait until he tries a rational economic policy. But do not hold your breath in expectation of such a policy. "Rational" and "political" are not in the same dictionary. Δ

This forecast is specifically produced for RV Business *by the Center for Econometric Model Research at Indiana University. The national forecast was prepared under the direction of Professor R. Jeffery Green, with the RV forecast developed by Lee A. Craig. The text and interpretation is the responsibility of Morton J. Marcus, director of the Indiana Business Research Center in the Indiana University School of Business.*

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  d. Van conversions
  e. Truck campers
  f. Pick-up covers or caps
  g. Park models
  h. RV parts, supplies and accessories
  j. Service and repairs
  k. Rentals
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RV BUSINESS

APRIL 21, 1989

RVIA Launches RV-Service Training Series

Plans for an experimental series of training programs for RV-dealer technicians were approved during RVIA's quarterly board of directors meeting, held March 2 in conjunction with the national trade association's annual meeting in Maui, Hawaii.

And, if all goes well with the first two 4½-day sessions this fall and winter, the educational series may be expanded and offered at as many as nine regional sites by 1990-91, according to program planners.

Coordinators of the new repair/troubleshooting program said they view the training plan as the most aggressive move to date in attacking what is widely considered one of the RV industry's most troublesome areas: professionalism in service work at the dealership level. The new program, they maintained, reflects the industry's renewed commitment to improved service for RV owners, and, in part, answers some of the controversial recommendations set forth 16 months ago by the Consumer Care Commission, an industry coalition formed at the urging of RVDA to study ways of improving consumers' RVing experiences.

Mac Bryan, RVIA vice president of administration, who will oversee and finalize plans for the program, said the program also speaks to the new clout of RV suppliers, many of whom have been vocal about their perceived lack of input in industry affairs. He noted that the seminars were proposed by the education subcommittee of RVIA's

continued on page 12

MINIS: Minimotorhome manufacturers foresee good sales for this year, as well as a trend to longer, more luxurious units that compete head-on with smaller Class A's. See page 30.

Ford Warns RV Makers On Chassis Heat-Shielding

Ford Motor Co engineers recently issued warnings and guidelines to motorhome manufacturers at meetings held in Elkhart, Ind., and Los Angeles, Calif., in regard to proper methods of shielding the chassis exhaust system to prevent heat buildup.

Jerry Mittman, RV/OEM sales manager of Detroit, Mich.-based Ford, said the automaker notified all pool-account motorhome builders earlier this year that attendance at the meetings would be mandatory if they were to continue to receive chassis. Mittman added, "Every account attended."

According to Mittman, Ford engineers determined that the meetings were necessary because of the high engine temperatures generated in today's motorhome chassis.

"Because of those engine temperatures," he explained, "we have found that many areas in the conversion process are more critical, and we wanted to provide motorhome manufacturers with some basic guidelines on what they should and should not do. For example, we wanted to emphasize that Ford did not want them to remove any heat shields that we provide, that we do not want them to use wood as a base material, that we do not want them to spray undercoating on the exhaust-system routing, and so on. We also gave them some guidelines on exhaust-system routing, and we explained what to do and not do with fuel systems and heat-shielding."

The announcement of the guidelines, followed by a further notice from Ford that it would begin plant inspections under a

continued on page 12

7 Mallard Places Third in Sales Of Motorhomes

7 ElDorado Files Chapter 11

7 Investor Bids $545 Million For Coleman Co.

8 ARC Sponsors Sheldon Coleman Outdoor Award

8 Fleetwood Schools Get High Marks

9 Industry Weighs Ford Qualification Program

9 Mark III Plans To Be Biggest Van Converter

10 RVIA Votes Down Hike in Show Fees

10 Lance Builds Dealer Network On East Coast

11 RC Industries Buys Assets of Elkhart Traveler

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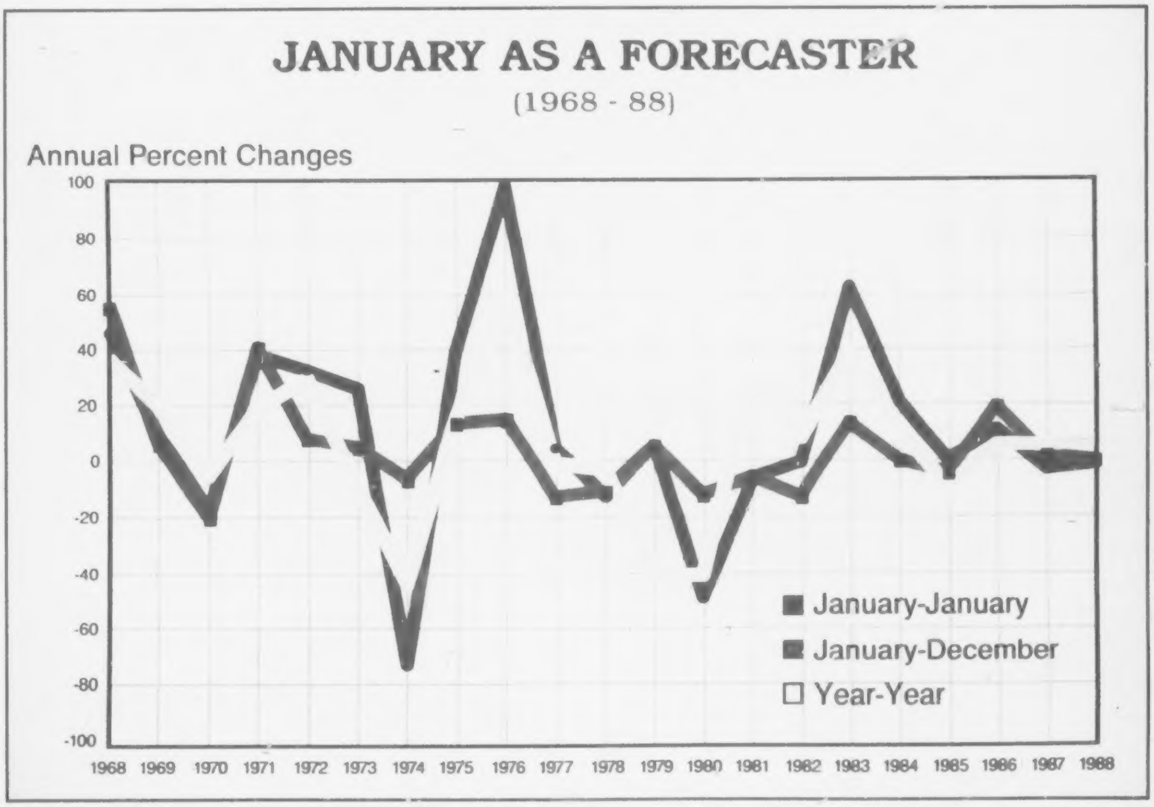
LOOKING FOR THE RV GROUNDHOG

MORTON J. MARCUS


JANUARY AS A FORECASTER

(1968 - 88)

Figure 1

What is the worst part of writing these monthly reports on RV shipments? It is the knowledge, shared by writer and reader, that events have moved beyond the data presented here. There is no way around that reality.

Here it is April as you are reading words that were written as early as possible in March and based on data that was reported in February to represent the events of January. Given the wonders of modern communications and computers, we expect instantaneous knowledge, but that is not yet possible.

Which month is the most difficult one to write about? The January data takes that prize. There is little to say about a single month of the year, as we will now demonstrate.

Ups and Downs

January shipments, when adjusted for normal seasonal patterns, were *up* by 1,650 units, or 5.1%, from the same month a year ago. *(See Figure 3.)* This follows the strong pattern of last year, in which year-to-year gains at the monthly level were common.

At the same time, January shipments were *down* from the stratospheric levels of late 1988. Since last year closed with unusual strength on the part of van conversions in November and December, a decline in January was no more than a smoothing over time. In fact, a drop in van conversions alone accounted for more than 77% of the decline in shipments from December '88 to January '89.

Yet, to be sure, the decline of January was widespread. *(See Figure 2.)* Except for fifth-wheels, all towables dropped in January 1989 from December 1988 levels. In addition, towables, as a group, were down from January 1988. This year-to-year fall was led by folding camping trailers.

Motorhomes, as a group, were running more than 14% ahead of a year ago, although they were down from December's level. Also, each type of motorhome was ahead of January 1988's pace although still behind December figures. Thus, in terms of market share, it is clear that motorhomes strode ahead of last year at this time. *(See Figure 4 on page 19.)*

The decline in market share by towables was evenly shared between motorhomes and van conversions. As noted above, van conversions accounted for more than 77% of the difference between December and

GRAPHICS: CUSTOM COLOR VISUALS

January shipments. They also accounted for more than 72% of the positive difference between this January and last January. Because van conversions represent nearly half the market and tend to have wide monthly swings, their performance could distort the full picture if the details of Figures 2 and 4 were omitted.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

	JAN. 1989	PERCENT CHANGE		YEAR TO DATE 1989	1988	PERCENT CHANGE
[illegible]	34,190	[illegible]	[illegible]	34,190	32,540	5.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Figure 2

What Does January Tell Us?

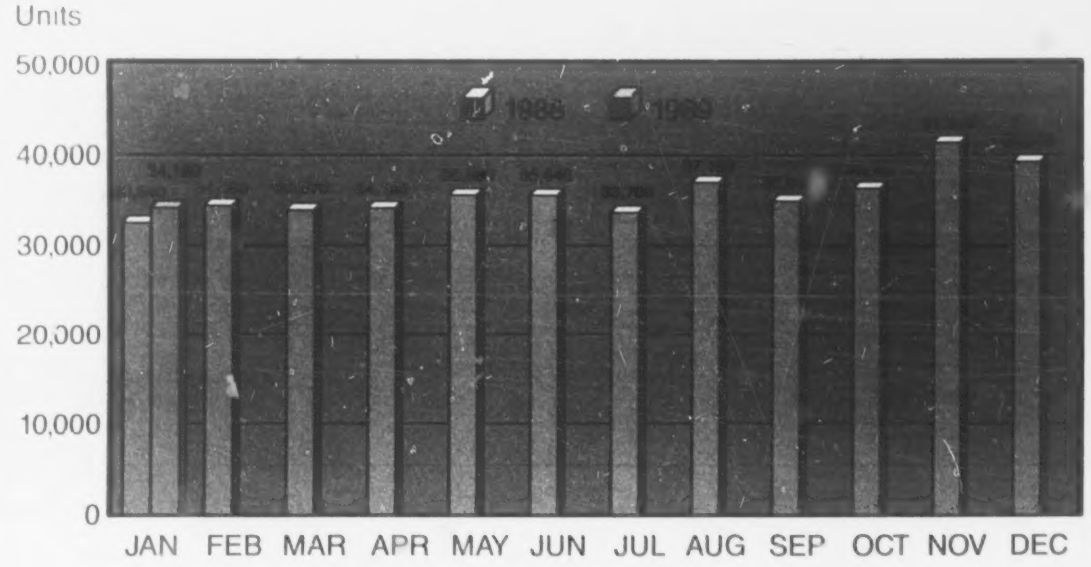
There is a group of stock market analysts who proclaim that "as the market goes in January, so it will go in the year." A subset of these chart-reading seers contends that "as the market goes in the first week of January, so goes the market in the year." Fortunately, we do not have weekly data for RV shipments!

But we can examine the record of January as a predictor of the full year. Think of the benefits. If January turns out to be a good indicator, we can now shut down our brains and ride out the year with confidence. There will be no need to wait for February information (the traditional groundhog indicator from Pennsylvania's Punxsutawney); we can just read the January numbers and let the marketing department imitate the repairman from Maytag. Sorry! If we use a January-to-January percentage change in shipments as a predictor of the full year, we turn out to be losers. In the past 21 years (1968-88) January has predicted the direction of the RV market incorrectly nine times. *(See Figure 1.)*

For example, January 1988 was *down* by 1.3% from the same month of a year earlier, but full-year 1988 shipments were *up* by 6.8% over 1987. That is an error of 8.1%. In fact, 1988 was one of the best years for using January as a predictor. The average

TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)



For the year-to-date, total shipments were 34,190, up 1,650 units or 5.1% from the same period in 1988.

Figure 3

percentage error for using a January-to-January comparison as a predictor is a much higher 17.3% discrepancy.

January was at its best as a predictor in 1972. In that year, January shipments were up by 32.6%, and the year ended with shipments up by 29.2% – a difference of only 3.4 percentage points.

The worst forecast based on the January-to-January percent change was in 1979. In January 1979, before the takeover in Iran, shipments were up 5.7% over the previous January. By the time the year was over, shipments had fallen nearly 41% – making a prediction error of more than 46 percentage points.

"But," you say, "no reasonable person is going to expect to compare January of this year with January of a year ago. We should compare January with the immediately preceding month of December. That's the way the stock market gurus do it."

OK, let's look at January shipments as a predictor of the direction of the full year when compared with December's performance. Sorry again! If we use a December-to-January percentage change in shipments as a predictor of the full year, we still turn out to be losers.

In the past 21 years, January has indicated an incorrect direction for the RV market 15 times. For example, shipments for January 1988 were *down* by 0.3% from those of the preceding December, yet shipments for 1988 ended *up* by 6.8% from 1987. That is an erroneous swing of 7.1%, but slightly less than the error we would have made using the January-to-January comparison. However, the *average* percentage error for using a January-to-December comparison as a predictor is 19.4%, even higher than the 17.3% discrepancy obtained by using a January-to-January comparison.

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.00	100.00
Travel Trailers:		
Conventional	13.42	14.43
Park Models	1.87	1.96
Fifth-wheels	8.04	8.16
Folding Camping Trailers	10.00	11.98
Truck Campers	2.54	2.24
Total Towables	35.87	38.77
Motorhomes:		
Class A	9.68	9.15
Class B Van Campers	0.91	0.96
Class C:		
Minis	5.27	4.77
Low Profiles	0.44	0.46
Micro-minis	0.86	0.46
Total Motorhomes	17.18	15.80
Multiuse Van Conversions	46.95	45.43

Detail may not add to total because of rounding.

Figure 4

The best predictive result for the January-to-December comparison occurred in 1975. In that year, monthly shipments were up by 13.5% in January over the preceding December, and the year ended 14.8% ahead – a difference of only 1.3 percentage points. The worst January forecast made using December as a base was again in 1979, but that was a bad year no matter how one examines it.

In Figure 1, the yellow line shows the year-to-year percentage change in RV shipments. Then above and below the line are the "forecasts" made by using January as an indicator (based on comparisons with either the preceding January or December).

If you can tolerate being wrong very often, and by as much as 19% on average, then you can use January changes in RV shipments to forecast the year to come and ignore the rest of our reports as the year progresses. But, if you prefer a little more predictive accuracy, we expect your complete attention to these pages again next month. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

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AFTERMARKET SALES MADE STRONG GAINS AT CLOSE OF 1988

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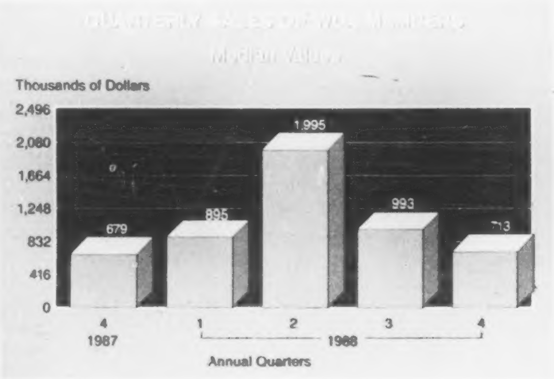

Figure 1

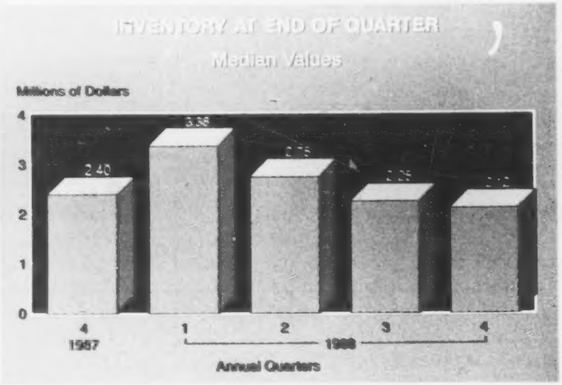

Figure 2

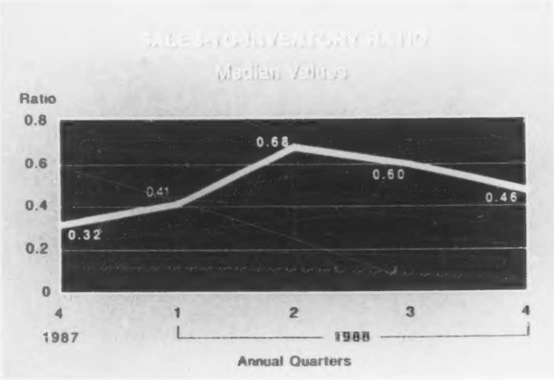

Figure 3

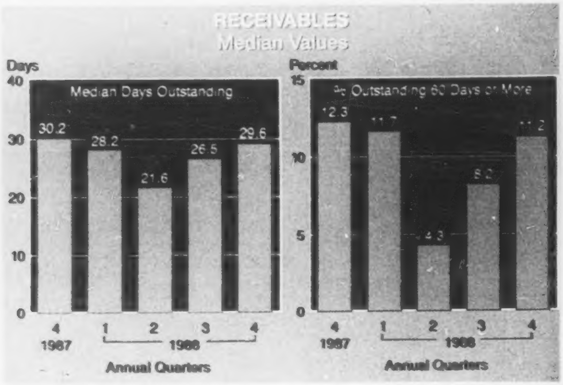

Figure 4

The aftermarket for RV parts and supplies ended 1988 on a strong note. The 21 firms surveyed in both fourth quarters of 1988 and 1987 reported an increase in total sales of 18.6% over the fourth quarter of '87. Sales per firm for all 25 reporting units in this quarterly survey, which is conducted by the Warehouse Distributors Association (WDA), Bradenton, Fla., were up 19.7% from the same period a year earlier. The median WDA firm indicated a sales growth of 5% compared with the final quarter of 1987. *(See Figure 1.)*

Canadian firms indicated slightly less positive results than did their U.S. counterparts: Continuing respondents in Canada reported a 15.4% gain, compared with a 17.5% increase for U.S. firms. The results for each nation are independent of exchange-rate variations but are not adjusted for price changes.

Total sales reported were $32.6 million during the final months of October,. November and December in 1988. That tally can be compared with the $31.6 million reported in the fourth quarter of 1987.

However, the reporting firms differed in each quarter: There were 25 reporting firms in the fourth quarter of 1988, and 29 in the same quarter of 1987. As a result, it is best to consider the average per firm, which rose from $1,091,000 in sales in the fourth quarter of 1987 to $1,306,000 in the last three months of 1988, a gain of nearly 20%. The median firm showed only a 5% increase for the year, but that was a result of a drop in the number of reporting firms and a change in the composition of the sample. Larger reporting units de-

GRAPHICS: CUSTOM COLOR VISUALS

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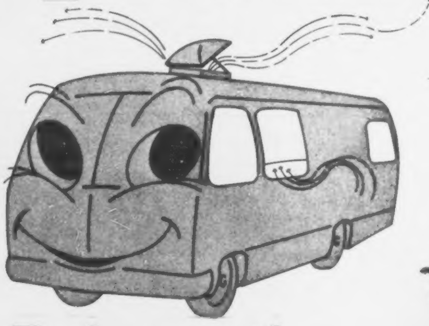

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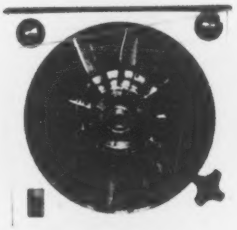

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creased with almost no decline in the number of smaller units participating in the voluntary quarterly survey.

Inventories for firms reporting in the fourth quarter of both 1987 and 1988 were up by 18.6%. The decline in the inventories of the median firm, again results from the decrease in the number of firms reporting in the fourth-quarter period and the changing composition of the sample. *(See Figure 2.)* Continuing firms in both the United States and Canada had unambiguous increases of inventories between the years 1987 and 1988.

> *When the same quarters are compared year-to-year, sales-to-inventory ratios were clearly improved.*

When the same quarters are compared year-to-year, sales-to-inventory ratios were clearly improved. *(See Figure 3.)* This improvement is seen in all size classes of firms in the data, which is provided to all participating WDA members. However, U.S. and Canadian firms did have different experiences. There were minor declines in the sales-to-inventory ratio reported by firms north of the border.

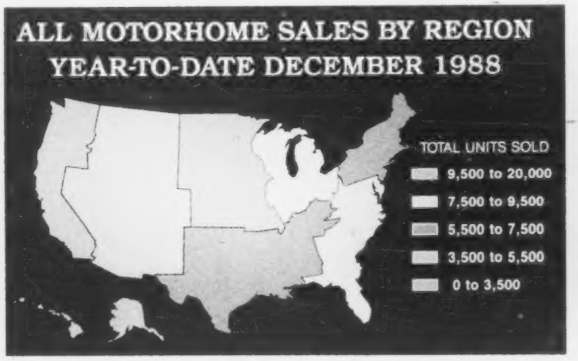
Firms reporting in the WDA survey showed a slight, fourth-quarter decline in the average days for receivables, which were down from 30.2 days in 1987 to 29.6 days in 1988. *(See Figure 4.)* This improvement was also evident in the decline of the percent of receivables more than 60 days old, which declined from 12.3% in the last three months of 1987 to 12.2% in the fourth quarter of 1988.

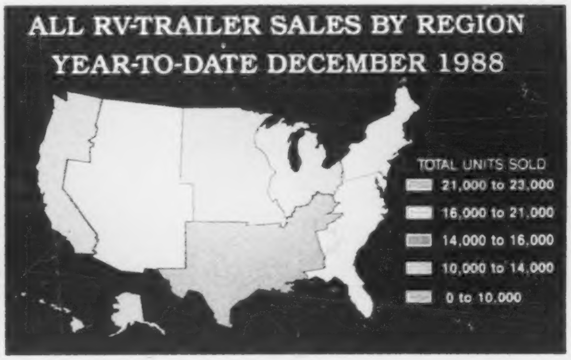
The WDA survey is conducted each quarter by the Indiana Business Research Center at Indiana University, and all data are maintained under strictly confidential conditions. All results are coded so that none of the personnel at the university or at WDA headquarters is able to identify information with specific reporting units. Oversight of this effort rests with the Statistics Committee of WDA, which continues to invite more member firms to participate in the program. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

1988 FINISHES ON A HIGH NOTE

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

The year-end 1988 retail sales numbers are finally available. The motorhome and RV-trailer segments of the RV industry were both up compared with 1987, thanks to strong monthly sales in early and late 1988. Figures 1 and 2 outline the year-to-date sales comparisons and show how monthly variations affect the cumulative numbers.

For 1988 as a whole, motorhome sales increased 4% from the previous year, and RV-trailer sales were up 5.4% over 1987.

For the month of December 1988, motorhome sales were 6% higher than in December 1987. Figure 3 shows the ranking of national regions by percent changes in sales from December 1987. Within the top-ranked South Central region, Mississippi had the largest percentage increase in sales. Arizona, in the bottom-ranked Mountain region, had the largest decline.

Figure 4 shows a regional ranking by the percent change in motorhome sales from 1987. Nevada was the No. 1 state in 1988 in terms of percentage increase in sales in the leading Mountain region. In the trailing South Atlantic area, North Carolina reported the weakest 1988 sales performance compared with 1987.

The RV-trailer market registered a strong sales performance in December 1988, increasing 8.2% over December 1987. Figure 5 illustrates the ranking of regions based on a percentage sales change in December 1988 compared with the previous December. The South Atlantic region led the pack, and Florida came in with the strongest performance within the region. The West North Central area came in last, with Nebraska reporting the largest sales decline among those states.

In December 1988, the RV-trailer industry also came in with a 5.4% rise over 1987's year-end total. A regional breakout of the percent change in RV-trailer sales from 1987 is detailed in Figure 6. In the top Mountain region, Idaho claimed the largest percentage increase from the previous year. In the bottom-ranked South Atlantic states, Florida tallied the largest decline in RV-trailer sales for the year-to-date.

As a year-end bonus, Figures 1 and 2 look at monthly percent changes in 1988 and how they affect the year-to-date cumulative totals. Figure 1 illustrates the fact that motorhomes started 1988 with a 7% drop in sales in January. Motorhome sales had a peak 34.9% increase in March, but a decline started in June. Motorhome sales registered increases again in November and December to end the year with a 2,344-unit increase for 1988 compared with 1987.

Figure 2 shows the RV-trailer industry starting out in January 1988 with a 6.1% decline. Trailers peaked out in March with a 15.6% increase and started a three-month slump in September. By December, the market had picked up with an 8.2% increase in sales, so that RV trailers completed 1988 with a 4,774-unit rise in sales over 1987.

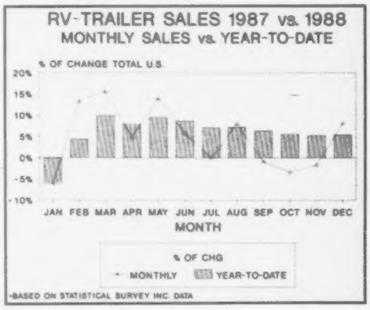


Figure 1

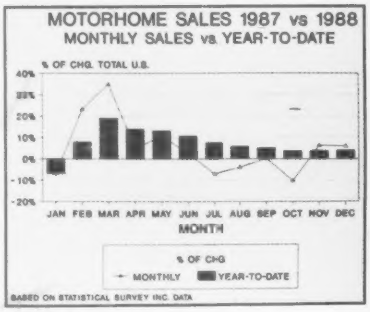


Figure 2

My regional analysis of 1988 is that the West Coast was challenged by the Northeast for RV-trailer sales leadership. The Northeast ended up only 1,800 units away

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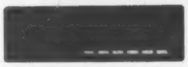
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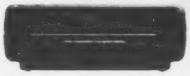
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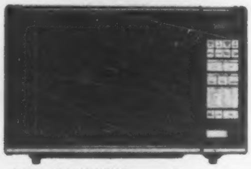
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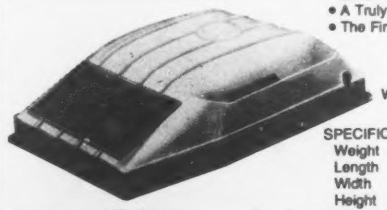

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AT RETAIL *continued*

from the leading Pacific region, in terms of retail sales. In the motorhome segment, the Pacific region remained very strong, with 33% of all motorhomes retailed in the United States.

Looking at 1989, I believe registrations will show a strong January and February due to pent-up demand from 1988 and good weather in the North in those two months. March should show some decline in sales as interest rates rise, and this increase in rates will continue through the spring months. However, the decline experienced in the fall of 1988 will not be as severe in 1989. The growth in the number of double-income families and retirees will protect the RV market from the traditional pitfalls of changing economic times. Δ

MOTORHOME MARKET

Dec. '88 Rank	Region	% of Change From Dec. '87	Nov. '88 Rank
1	S. Central	40.00	4
2	W.N. Central	29.00	3
3	S. Atlantic	21.00	7
4	Northeast	9.00	5
5	E.N. Central	4.00	6
6	Pacific	− 2.00	2
7	Mountain	−25.00	1

Figure 3

MOTORHOME MARKET

Dec. '88 Rank	Region	% of Change Year-to-Date	Nov. '88 Rank
1	Mountain	11.20	1
2	Pacific	11.10	2
3	Northeast	5.00	3
4	E.N. Central	3.00	4
5	W.N. Central	2.00	5
6	S. Central	− .50	6
7	S. Atlantic	− 8.00	7

Figure 4

RV-TRAILER MARKET

Dec. '88 Rank	Region	% of Change From Dec. '87	Nov. '88 Rank
1	S. Atlantic	23.00	5
2	S. Central	11.00	3
3	Northeast	10.80	7
4	E.N. Central	10.00	6
5	Pacific	.46	2
6	Mountain	− 4.00	1
7	W.N. Central	−13.00	4

Figure 5

RV-TRAILER MARKET

Dec. '88 Rank	Region	% of Change Year-to-Date	Nov. '88 Rank
1	Mountain	10.00	1
2	W.N. Central	8.00	2
3	Pacific	6.00	4
4	Northeast	5.00	3
5	S. Central	3.50	5
6	E.N. Central	3.40	6
7	S. Atlantic	− 2.00	7

Figure 6

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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STATISTICAL OVERVIEW OF THE RV MARKET

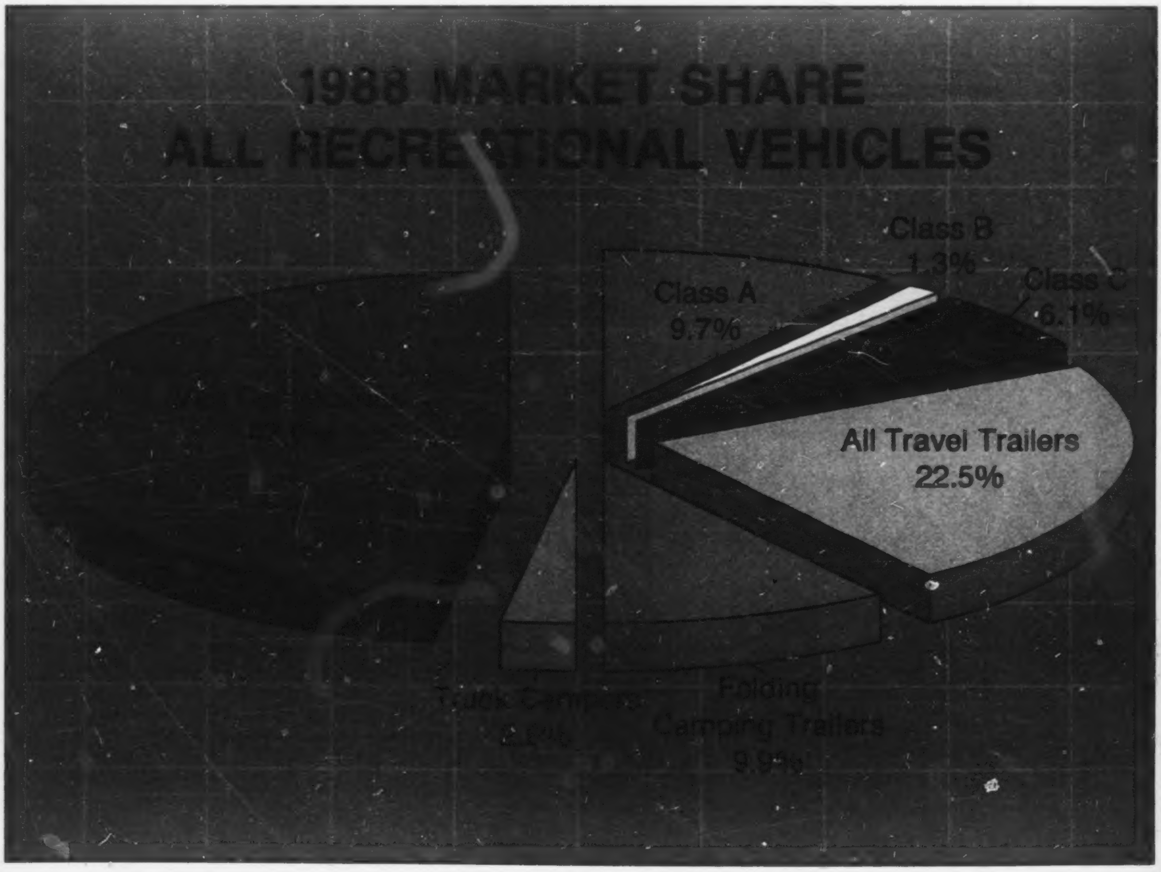
Shipments of van conversions increased market share in 1988, climbing from 45.5% in 1987 up to 47.9%. This gain was predominantly at the expense of motorhomes, which dropped from 18.5% of the market in 1987 to 17% in 1988. That 1.5 percentage-point drop in market share exceeded the 1.1-point drop, from 36.1% to 35%, of the much larger market share of towables (travel trailers, folding camping trailers and truck campers).

This is all part of a long-term trend. In 1978, van conversions accounted for just over one-quarter of the market (26.3%), climbing to 43% in 1983 and now threatening to hit the halfway mark of 50% in the years ahead.

If van conversions are excluded, it is clear that towables have been favored over motorhomes in the RV marketplace.

Excluding van conversions, motorhomes had 41.1% of the market in 1978 and towables had 58.9%. It should be noted that 1978 was a high point for motorhomes, in terms of market share. Since then, motorhomes have lost a little more than 8 market-share points to towables. When 1988 closed, motorhomes were down to less than one-third of the market (excluding van conversions), and towables had more than two-thirds.

MORTON J. MARCUS



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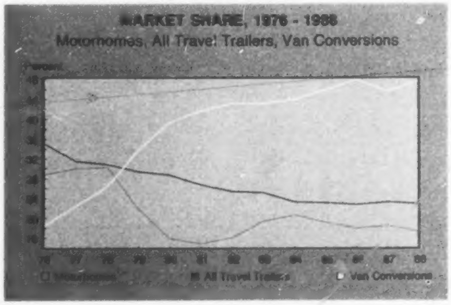
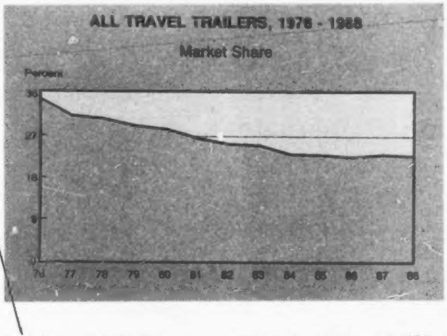
Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

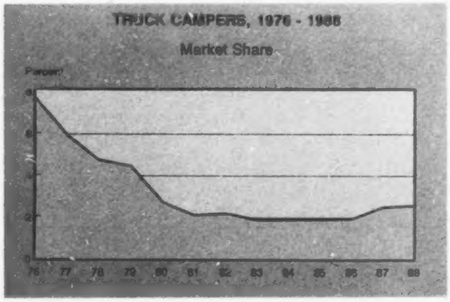
MARKET SHARE BY RV TYPE



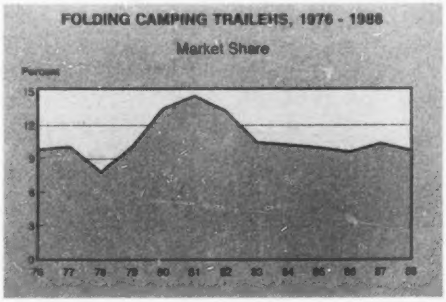
Motorhomes and travel trailers were about equal in terms of market share in 1978, but reacted with dramatic differences to the 1979-84 decline and recovery period, as van conversions continued to increase market share.



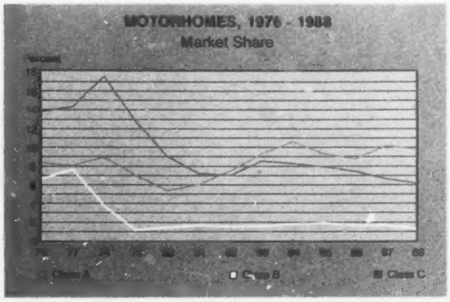
Travel trailers (including conventional, park and fifth-wheel trailers) have dropped almost without exception in market share from 1976 when they held 35% of the market to their place at 22.5% in 1988. Between 1984 and 1987, they have held steady between 22.7% and 23.2%.



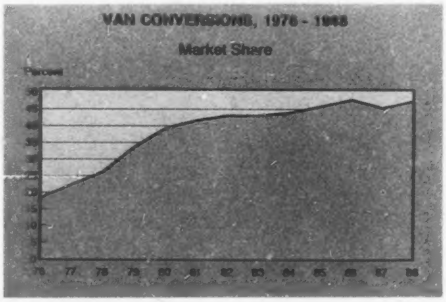
Truck campers lost market share rapidly from 1976 until 1981. They fell from 7.8% to 2.1% and then held just about constant until 1987, when they moved up to 2.5%. They showed another slight gain in 1988, rising to 2.6%.



Folding camping trailers had about the same market share in 1988 (9.9%) as they did in 1976 (9.8%). In between, they ranged as low as 7.8% in 1978 to a peak of 14.6% in 1981. Yet, in 13 years, only four years have been outside the 9% to 10% range.



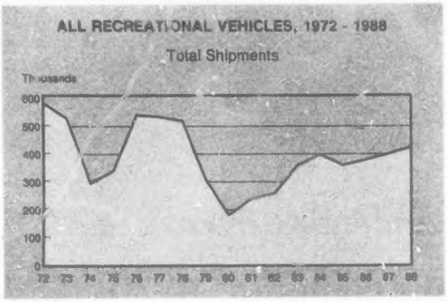
Class A motorhomes hit their low (5.4%) in market share in 1980. A year earlier, Class B units hit their low – a 1.1% – and have hardly increased since. Class C units reached their low (7%) in 1982 after peaking (17.6%) in 1978 when C's were 58% of the motorhome market. By contrast, in 1988, it was Class A units that had 57% of motorhome shipments.



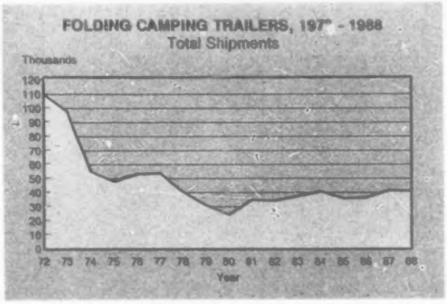
For the 11th time in the past 13 years, van conversions gained market share in 1988. The big gains (from 18.5% in 1976) have slowed, but at 47.9% of the market in 1988, van conversions were even with their peak of 47.9% in 1986.

ANNUAL SHIPMENTS BY RV TYPE

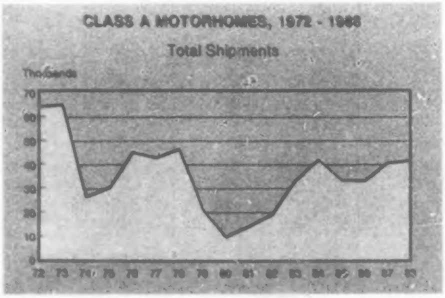
The RV industry was battered twice in the past two decades: once in the oil crunch of 1974 and again in 1979-80 by the oil-inflation-recession triple economic whammy. But no two model types had identical experiences. Since 1984, there has been a divergence of experience, with some types advancing and others failing to benefit from an expanding economy. The following charts tell this diverse story:



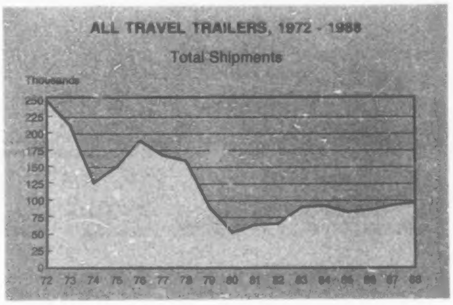
Total shipments rose for the third consecutive year in 1988, rising to 431,050 units, a 7% increase over 1987. This puts shipments more than 240,000 units ahead of the low point of 1981 and at their highest level since 1978. At the rate of growth realized since 1985, it will take four more years of sustained growth (to 1992) before shipments return to the 1978 level.



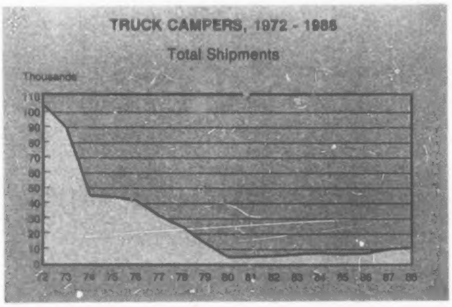
Except for the recession low of 1980, folding camping trailers have moved between 31,000 and 41,000 units annually between 1978 and 1987. In 1988, they reached 42,740 units, just above their 1987 high for a 1.6% increase.



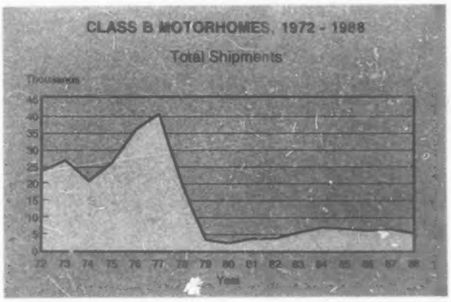
Class A motorhomes again are reaching for the 1978 peak of nearly 47,000 units. In 1988, at 41,620 units shipped, they were still a little more than 5,000 units short of that point, but more than 30,000 units above the low reached in 1980. Although 1988 saw only a 1.4% rise over 1987, the climb of these hallmarks of the industry has been at an annual rate of nearly 20% from the beginning of the decade.



In 1988, travel trailers (conventional, park and fifth-wheel trailers) had their best year since 1978, with 97,170 units shipped. Since 1983, travel trailers (including fifth-wheels and park models) have moved in a range between 83,000 and 97,000 units, averaging 90,000 units a year.

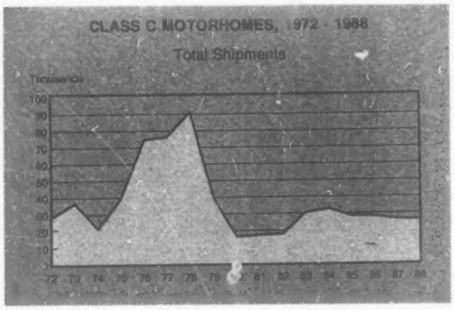


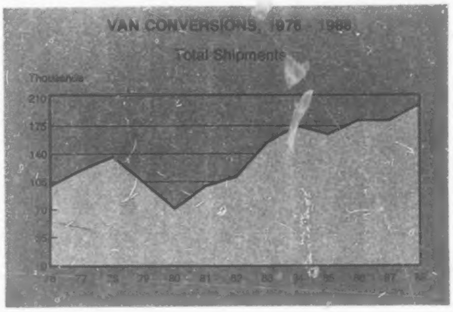
Truck campers have been increasing in shipments almost continuously since 1980. Although well below their peak in the early 1970s, these units have shown consistent advances once their new place in the market was established. In 1988, truck-camper shipments rose to 11,110, an 8.4% increase over 1987.

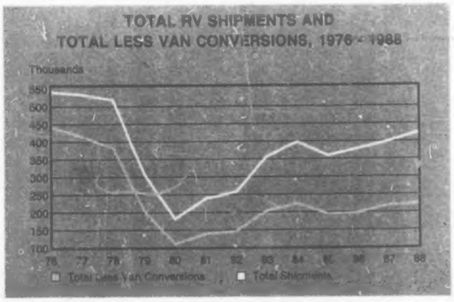


Class B motorhome shipments were lower for the fourth consecutive year in 1988, down by 23.3%. Hit severely from 1978 through 1980, they have not surpassed the 7,100 mark of 1984 when their recovery peaked.

ANNUAL SHIPMENTS BY RV TYPE







Class C motorhomes (top left), after recovery from the recession, have been on a downward slide since 1984. In 1988, shipments were at 26,420, up only 20 units from 1987. They were 60% above their low of 1980, but off by 20% from the 1984 high. Van conversions (top) hit a record in 1988, crossing the 200,[illegible]0-unit level for the first time to reach 206,570 shipments. The upward march from 1980 has been interrupted only once (1985). Total shipments less van conversions in 1988 were just a little above 1984's post-recession recovery high. With van conversions included, the industry is 137% above its 1980 low, but still 20% below the level of 1976. Without van conversions, the industry is 104% above the 1980 low, and just half of its 1976 volume.

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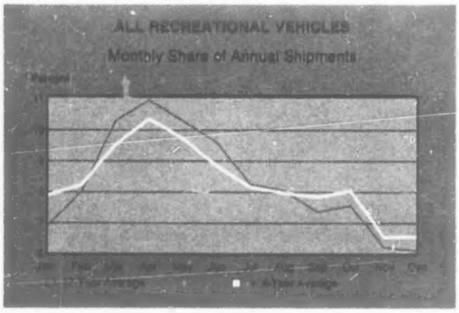
MONTHLY SHARE OF ANNUAL SHIPMENTS

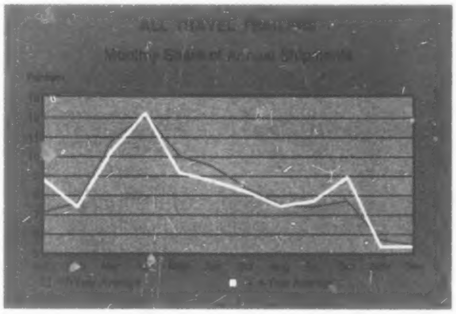
Based on 17 years of RVIA shipment data, it is evident that the RV industry has distinct seasonal patterns. Not all model types. however, have the same pattern. Recent analysis shows that these patterns may be changing in recent years.

Over the 17-year period, total RV shipments varied from a low of 6.1% in December to a high of 11% in April, a spread of nearly 5 points. For the more recent four-year period, the spread has been reduced to 3.8 percentage points.

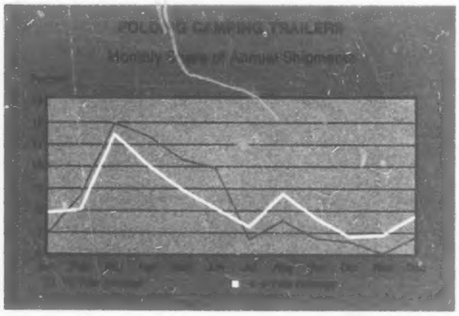
This flattening of shipments through the year may reflect changes in the geographic pattern of sales (more sales in less fluctuating climates, such as California), changes in the mix of product shipped, and/or improved communications between dealers and manufacturers. In any case, it changes the timing of inventories, production and transportation demands. The results could be better cost control, improved profits and better prices for consumers.



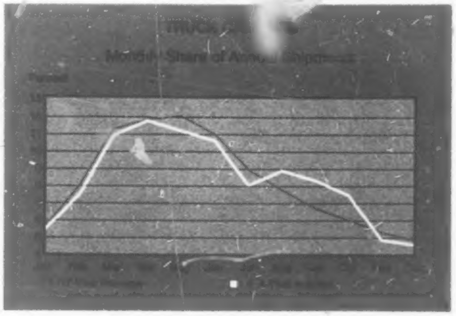
All RV shipments peak in April, but recently January and February are higher portions of the total year than in earlier years. Likewise, the share of shipments in the last third of the year is 29.1%, compared with 27.4% over the longer period.



Travel trailers now show February as a weaker month than January. The peak in April remains the same at 12.3%, but there is now a stronger early fall with September and October accounting for 16.7%, compared with 15.2% earlier.

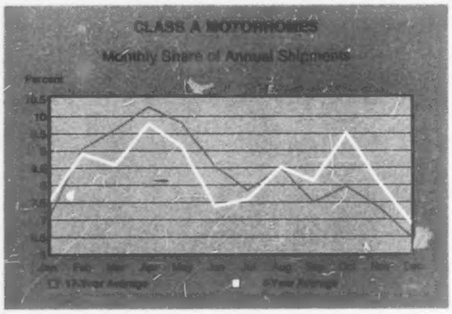


Folding camping trailers peak in March at 11% of annual shipments or better. But February through June are not as strong as formerly, with July through January taking up the slack. The August secondary peak is now 1.2% higher than in the longer historic period.

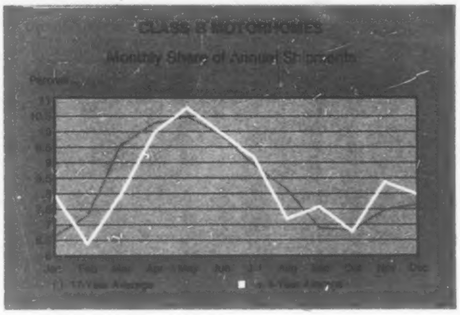


Truck campers run at fairly even high levels from March to June. But, whereas there was a continuous decline previously from a May peak, the month of August shows a secondary peak with higher subsequent shipments in September and October.

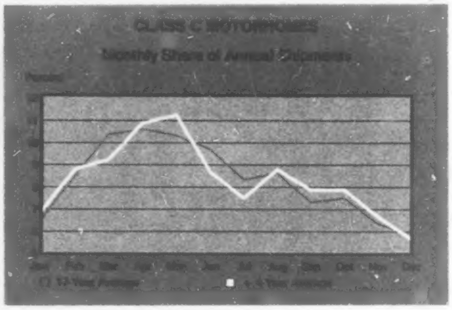
MONTHLY SHARE OF ANNUAL SHIPMENTS



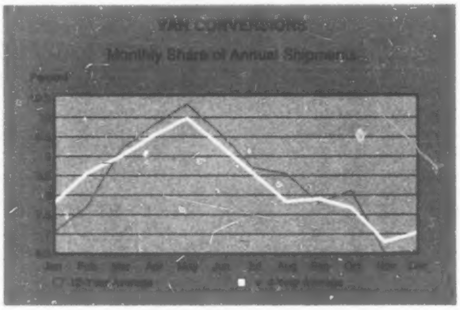
Class A motorhomes now show a secondary peak almost as high as the primary peak in April. This reduction in seasonality means that where there had been four months (February through May) above 9% of annual shipments in the old pattern, now there are only two months (April and May).



Class B motorhomes show little change in seasonal pattern. February through April are now somewhat weaker months than earlier, but the May peak is a bit higher and there is a stronger kick to the end of the year.



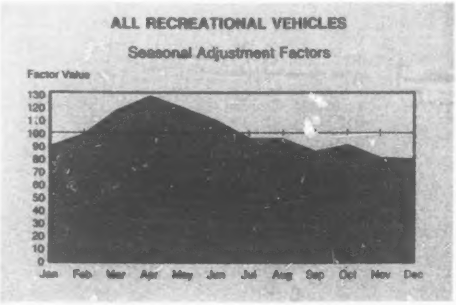
The peak for shipments of Class C motorhomes has shifted from April to May, even though April is now a stronger month of the year than before. This has resulted from a dramatic rise from March to the April level and a sharp decline from the peak to the June and July levels. The rest of the year remains little changed.



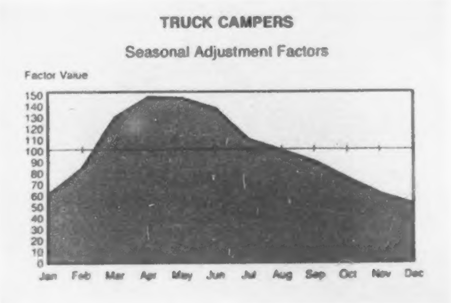
In recent years, van conversions have shown more strength through the winter months (November through February) and less strength in the remaining months (September being an exception). The difference between the peak in May and the low in November is reduced as shipments are somewhat more evenly distributed through the year. ∆

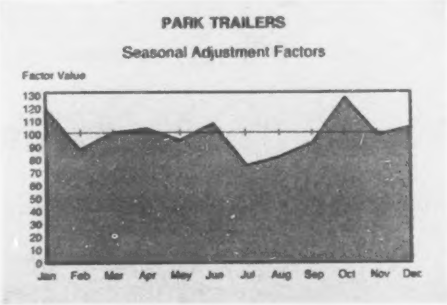
WHY MAKE SEASONAL ADJUSTMENTS?

Many important economic indicators, such as the gross national product (GNP) and the Consumer Price Index, are "seasonally adjusted." Seasonal adjustments are mathematical corrections of real numbers to remove the distorting influence of regular fluctuations. Once such seasonal fluctuations have been removed, a single month can be more accurately compared with another, and data can be used more reliably for forecasting purposes.



WHY MAKE SEASONAL ADJUSTMENTS?





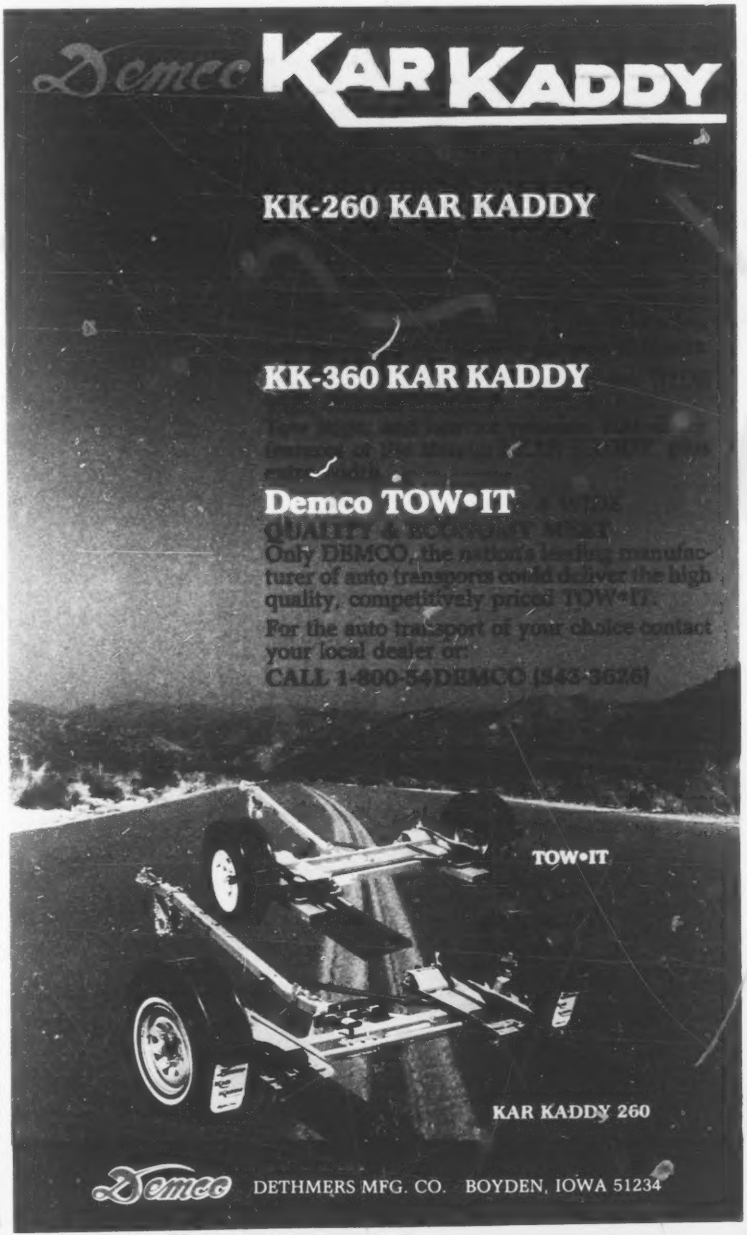
RV shipments, for instance, show strong seasonal patterns. The process of seasonally adjusting RV shipments is simple mathematics, once an adjustment factor has been determined.

The starting point in finding the seasonal-adjustment factor is determining the percent of total annual shipments that are typically made in a given month. This information should be based on at least three years of data, and, in the cases shown here for the RV industry, it is based on 16 years of data.

For all RVs, April, for example, is often the peak month, with more than 11% of the year's total. December accounts for just 6% of the total. But the pattern varies greatly by class of RV. Van conversions peak in May. Class C motorhomes have a high plateau from February through May; truck campers have a wide range from a high of nearly 13% in May to a very low 4% in December. Thus, segmentation of RVs into their respective classes is an important part of the seasonal adjustment process and allows the behavior of those products to be seen in a truer light.

To derive seasonal-adjustment factors, the statistician assigns a value of 100 (or 1) to the average month. Then a specific month is measured as a percentage of that average month. For instance, when we analyze the history of RV shipments in this decade through 1988, we find that January accounts for 9.9% of the year's total RV shipments. Thus, the seasonal adjustment factor for January is 90.1 (100 9.9 90.1).

To seasonally adjust the raw data, then, the actual January shipments would be divided by 0.901. If we were actually doing this procedure in early 1988, the resulting number could have been multiplied by 12 to forecast shipments for the full year. Plotting seasonally adjusted months against GNP or other indicators gives you a clearer idea of how RVs are behaving relative to those aspects of the overall economy. ∆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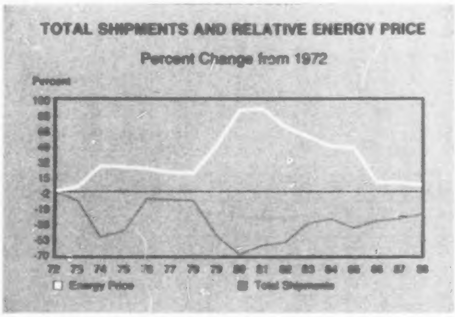
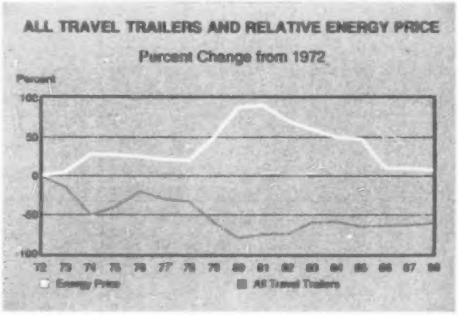
ECONOMIC FACTORS AFFECTING RVS

Two factors play critically important roles in the large swings of the industry. One major factor our research has shown is that it is not the price of petroleum products (either for running a motorized unit or for running the vehicle that tows an RV) which is critical. Rather, it is that price compared with the price of all consumer products which is one determinant of RV shipments.

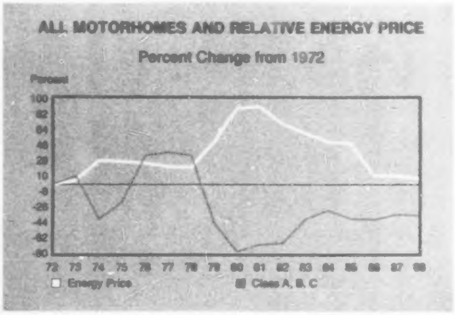
A second major factor is the prevailing interest rate (easily measured by the prime interest rate). Since these forces work in an interacting fashion, definitive patterns are not evident. But this set of charts does suggest how different classes of units fluctuate with changes in these factors. The year 1972 is taken as a base in all but the van-conversion case.



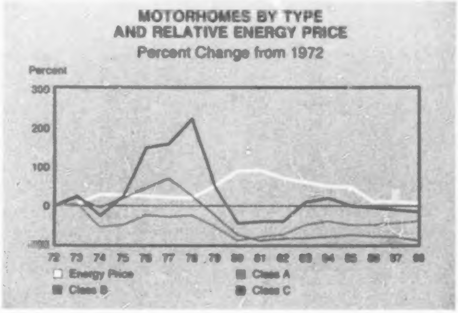
The percent changes from 1972 levels of total shipments and relative energy prices look like mirror images of each other. All years show that total RV shipments are below the 1972 level, with the deepest drops corresponding with the sharpest rises in energy prices above the 1972 level. However, in recent years, relative energy prices have been falling close to a position near the 1972 level, but RV shipments have not made a similar correction.



Travel trailers show a pattern very much like the total RV picture. Closer analysis, however, reveals that the response of travel trailers to the restoration of the relative price of energy back toward the 1972 parity level has not been of any significant consequence.

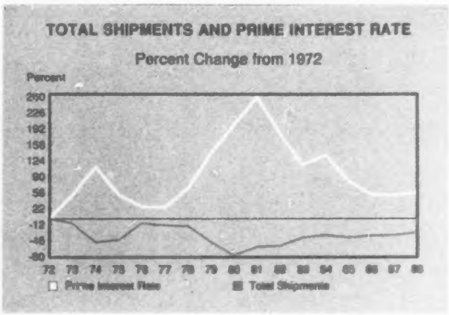


Motorhomes showed a fall in 1974 when energy prices moved up sharply, but then these units rose dramatically above 1972 levels in the recovery years of 1976 through 1978. The sharp energy-price rises of 1979 and 1980 took their toll on motorhomes, but the recovery in relative energy prices was mirrored by an improvement in motorhome shipments until 1984. Thereafter, the improvement in relative energy prices failed to have any noticeable effect on motorhomes.

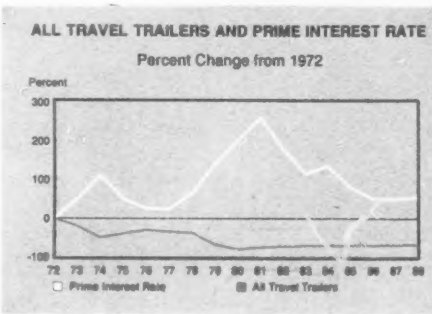


When motorhomes are looked at in detail, it can be seen that Class A units mirror relative energy prices fairly well. Class B units have had virtually no relationship to these prices since the jumps of 1979 and 1980. Class C units, in contrast, ran up large gains in the 1970s, only to take a major fall in 1979-80. They then recovered in line with the energy-price movements of the early 1980s, only to stagnate in more recent years.

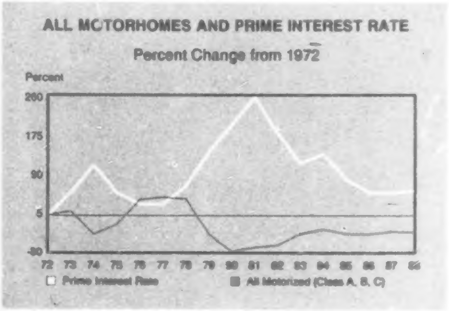
ECONOMIC FACTORS AFFECTING RVS



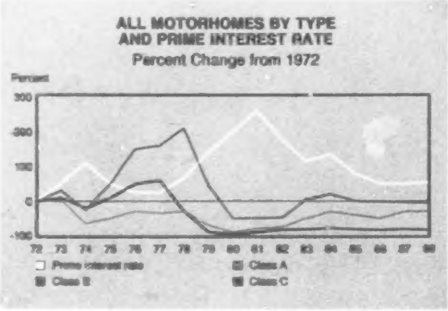
Total shipments and the prime interest rate also demonstrate symmetry, although an uncertain lag is suggested. Prime rates peaked in 1981, but the low for shipments occurred a year earlier. The prime rate fell in 1985, but so did shipments. The rise of interest rates in 1988 may not show up until 1989.



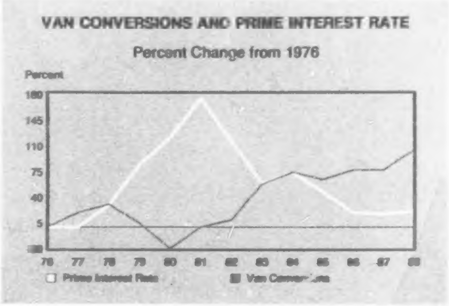
Travel trailers moved with interest rates fairly well until 1980. Since that low point, however, the relationship breaks down. Shipments of travel trailers showed some improvement as rates declined in 1981 and 1982, but less reaction to more recent changes.



Motorhomes advanced in 1973 when interest rates rose, but fell back before still higher rates in 1974. As rates declined, motorhomes improved, only to be stopped in their tracks in 1978 as rates began to climb. Declining rates in 1982-83 brought motorhomes back, but since 1984, the relationship between the prime rate and motorhomes has been weak.



When Classes A, B and C are broken out, it appears that Class A units follow the inverse of the prime-rate pattern. Class B motorhomes clearly had other forces operating on them in later years. Class C units are affected by changes in the prime rate, but these units also seem subject to separate forces in the marketplace.



Van conversions have a strong tendency to buck the trend. Rising rates in 1978 did not slow their climb. Nor did the very peak of the prime rate in 1981 keep them from advancing beyond their low of 1980. Falling rates thereafter helped van conversions, but only the increase of 1986 seems to have had the expected inverse result. Δ

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RV BUSI

MAY 5, 1989

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Oshkosh to Offer New Downsized 'A' Chassis

Oshkosh Truck Corp., a 72-year-old firm best known for its large concrete mixers and military equipment transporters, will take another step into the lighter-weight chassis business this fall with the planned production of a new downsized, Chrysler-powered chassis. The new chassis will complement Oshkosh's traditional high-line chassis and its new medium-duty rail, purchased in January from Moline, Ill.-based Deere & Co.

The Oshkosh, Wis.-based company will build the new low-profile chassis in the 10,000-pound gross vehicle weight rating range for both small motorhomes and commercial step vans. A vacant 25,000-square-foot U.S. Motors plant adjacent to Oshkosh's existing Wisconsin facility will house production of the new chassis, confirmed Bud Raupp, vice president and general manager of the firm's new chassis division.

The 50-employee Wisconsin plant, one of two new facilities announced by the company on March 25, is located close to major component suppliers, including Chrysler Corp.'s Acustar distribution center in Beaver Dam, Wis. "We're just in the engineering stages, with prototypes in the works," said Raupp, declining further comment on the new downsized rail. "We hope to be in production this fall."

The other new plant is situated in Gaffney, S.C., and will focus on the former Deere medium-weight chassis with three models and five wheelbases. Again, proximity of suppliers helped determine plant

continued on page 11

AFTERMARKET MERCHANDISING: Suppliers of four very different RV-aftermarket products advise dealers on how to lure customers with more sophisticated merchandising. See page 20.

Demand for Side Aisles Growing

U.S. motorhome enthusiasts have discovered the added privacy and livability features of side-aisle floorplans, interior layouts that were previously reserved for more expensive coaches. And more manufacturers of moderately priced Class As are responding with new living arrangements based on the side-aisle format.

The trend is apparent among many manufacturers, though some tend to downplay the popularity of side aisles—which are most adaptable to larger motorhomes—as a passing fancy.

"It's not a revolution, but they are increasing somewhat," said Rees Noren, vice president of engineering for Coachmen Industries Inc., Elkhart, Ind., which currently has side-aisle models scattered across its divisional lines.

"It is a trend," confirmed Ron Frank, chairman of Frank Industries, Inc., which will begin offering side-aisle units in September when the Brown City, Mich., firm introduces revamped interiors for its 1990 Xplorer line of [illegible] motorhomes. "Trend[illegible] d go, and this is one [illegible] o show some interest an[illegible] [illegible]sumers. But, I don't think it will make a motorhome any better—just different."

Also taking advantage of the shift in consumer tastes was Fleetwood Enterprises Inc., Riverside, Calif., which began offering side aisles in 1989 on its top-end Limited. And Winnebago Industries Inc., Forest City, Iowa, which started incorporating side aisles in its 1989 40-foot Winnebago Superchief and Itasca Suncruiser Class As, also has "a few more on the drawing boards" for 1990.

Elsewhere, Mobile Traveler Inc., Junction City, Kan., is getting into marketing side aisles as an option on its 34-footer,

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9 Truck-Camper Titling Adopted In Two States
9 MJV Drops Bid for Vixen
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10 Used-Unit Trends Cited By RVIA Study
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COVER COMPUTER GRAPHICS: DIGITAL ART

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DAB PERSPECTIVE

FEBRUARY WAS DISAPPOINTING

GAYLORD MAXWELL

February was a so-so month for RVB's Dealer Advisory Board (DAB). Compared with the corresponding month last year, members were up a few dollars in sales volume (but probably not enough to offset price increases) and down a few units. Sales were very similar to those in January, which is traditionally a relatively poor month. More than half of the DAB members took in fewer dollars than they did last February. Two very large dealerships were down, but, generally, larger dealerships fared better than smaller ones. Surprisingly for these times, dealers of towables fared better in terms of percentage increases than dealers of motorized.

Net profit ratings were about equally divided between good, fair and poor. Unit grosses apparently were rated good by about half of the DAB members; the other half said they were either fair or poor. Used grosses were holding up well; generally, they were good to excellent. The service-and-accessory business was fair to good.

New-unit inventories, as might be expected for this time of the year, were rated as high. However, used units tended to be on the low side (perhaps a problem for later). Lot traffic was rated low to average, while the percentage of new buyers tended to be about the same.

Year-to-date, overall sales volume was still up substantially (12%), but only seven of the 25 DAB members were up for the first two months. Obviously, the wealth was not equally shared. New units were up in all categories except truck campers. An unusual fact was that, for the two-month period, used-unit sales were down from the previous year. Weaker travel- and camping-trailer sales accounted for that.

Motorhomes

Motorhome dealers on the DAB were about equally divided between those who were up and those who were down in unit sales. Larger dealerships generally tended to be up, while the smaller ones lost a little ground. An almost universal complaint was that the motorhome business is getting tougher. Competition was incredible in some areas, and grosses were minimal.

Year-to-date, DAB motorhome dealers were ahead in new units over last year by a margin of 2-to-1.

Travel Trailers

The numbers were quite small, but this type managed to get into the new-unit plus column for the second month in a row, something that hasn't happened in quite some time. However, super sales by one DAB dealer accounted for the increase. Actually, of the 17 travel-trailer dealers on the board, more than half of them were down in new-unit sales.

There was no accounting for the dramatic drop in the used-unit business. It will be interesting to see if there's a reversal of that figure next month.

Truck Campers

This type of unit seemed to be having a bit of trouble in taking off this year. Perhaps our limited sample was not indicative of the overall picture, but it certainly suggested that there is no camper boom. Used sales were particularly off from the previous year. Apparently, those units that were sold brought good grosses, since profit ratings were good or excellent.

Folding Camping Trailers

Although new-unit figures were up substantially, they were somewhat misleading. One DAB member who sold no fold-downs in February of last year had a special sale of discount-purchased units and accounted for most of this year's increase. Of the regular camping-trailer dealers on the DAB, more than half were slightly down from last February. Still, the picture looks pretty good for this year. Used sales were off a bit. Profits were generally good.

Fifth-wheels

The minus figure for new fiver sales was most unusual. However, when we noted that there was only one unit difference from last February, then it wasn't so bad. Most dealers of this type were at about the same sales level as last February. Used sales were off one unit the other way. Profits generally were rated good or excellent. Year-to-date, in both new and used, it was obvious fivers were "alive and well." Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	FEB. 1989	FEB. 1988	% CHANGE	1989	1988	% CHANGE	FEB. 1989	FEB. 1988	% CHANGE	1989	1988	% CHANGE
MOTORHOMES	149	160	− 7	307	277	+11	131	142	− 8	257	249	+ 3
TRAVEL TRAILERS	98	96	+ 2	189	172	+10	77	106	−27	146	173	+16
TRUCK CAMPERS	15	17	−12	26	30	−13	16	22	−27	23	37	−38
CAMPING TRAILERS	89	68	+31	154	132	+17	18	22	−18	24	30	−20
FIFTH-WHEELS	39	40	− 3	69	58	+19	24	23	+ 4	41	37	+11

	FOR MONTH			YEAR-TO-DATE		
	FEB. 1989	FEB. 1988	% CHANGE	1989	1988	% CHANGE
SALES VOLUME	$12,924,187	$12,660,140	+ 2	$25,346,003	$22,680,531	+ 12
TOTAL UNIT SALES	656	696	−16	1,236	1,195	+ 3
NEW-UNIT SALES	390	381	+ 2	745	669	+11
USED-UNIT SALES	266	315	−16	491	526	− 7

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board, a group comprised of 25 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dasson,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindland,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Astry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Ed Peterson,** Lafayette, Ind.; **Bill Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RV B

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MAY 19, 1989

Mixed Economic Signals Lead to Industry Jitters

The RV industry, like most other seasonal business sectors, is always nervous on the brink of its key selling season. But the neuroses this spring, perhaps fueled by last year's forecasts for average or "flat" 1989 sales, seem worse.

Widely mixed economic indicators clearly have exacerbated the general skittishness. Unemployment rates reached 15-year lows in mid-April, while gas prices and interest rates were higher than last year's. Exports, retail sales, housing starts and factory orders were soft.

Within the industry, despite much negative talk, initial RVIA shipment reports showed that wholesale sales through February retained the robustness set in late 1988. Shipments totaled 35,000 units in February – the best February in a decade. For the year-to-date, towables were down 4% and motorized up 5% by February.

Forced to speculate, most industry sources believe a slowdown of undetermined magnitude has probably occurred in "pockets" of the country, causing dealer inventories of conventional RVs and van conversions to exceed desired levels at the retail and, in some cases, wholesale levels.

"Basically, there's been a slowdown in the market, and there are a number of factors that have caused it," explained Tom Walworth, general manager of Statistical Surveys Inc., Grand Rapids, Mich., which tallies retail registrations for the RV industry. "Weather has been a real factor. The rise in interest rates also has caused consumers to stay away from the

continued on page 8

WHICH WAY FOR CLASS A's? While industry economists predict slipping sales in 1989 and 1990, many Class-A makers and dealers remain bullish about their own prospects. See page 22.

Selling to Aging 'Baby Boomers' May Be Tougher Than Expected

Despite the immediate vagaries of the RV market, industry members are usually optimistic about the long run because of repeated predictions that even better times lie ahead, thanks to aging "baby boomers."

For example, the recently released University of Michigan study commissioned by RVIA concluded that "demographic factors will shift to the advantage of the RV market during the decade ahead. The aging baby-boom population will result in much higher growth rates in the prime buying age groups, and incomes will benefit from the higher proportions of the population in their peak earning years. These factors will create the potential for renewed, vigorous growth. Turning this potential into actual sales is the crucial task ahead."

As a result of these kinds of statistics, some industry observers have offered predictions that range from a doubling of the current 200,000 shipments per year to shipments of more than a million units annually by the turn of the century. There is no question that the potential market is staggering: 77 million people, with nearly 30 million expected to be in the 40-plus age group in the next five years. The U.S. Census Bureau projects that, by 1991, the number of households headed by someone aged 45 to 54 will jump by 51%, to 21.6 million.

But tapping that potential market may not be as easy as some have anticipated.

"The baby boomers are a

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7 Mallard Chief Acquires Goshen Coach

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Which Way for Class A's? 22

Although industry economists are forecasting a 1989-90 sales decline for Class A's, many Class A manufacturers and dealers remain optimistic about their prospects for this year.

New Interest in Downsized A's 34

The number of new, small Class A models recently introduced or in the works may indicate new strength for this market niche. Proponents and critics of downsized Class A's debate their future.

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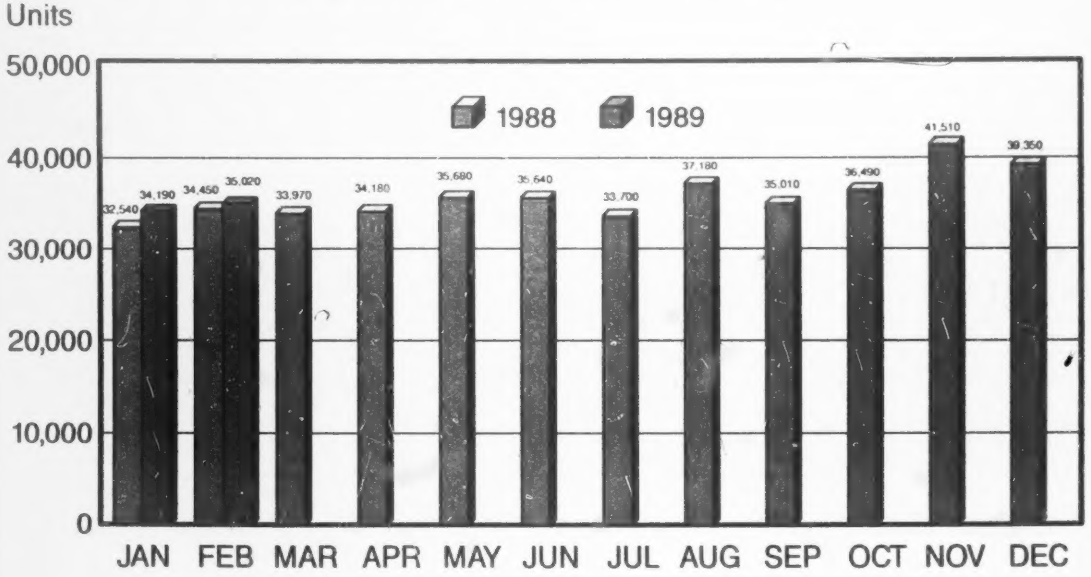
FEBRUARY 1989 EXPERIENCED BEST FIGURES IN 12 YEARS

MORTON J. MARCUS

TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)



For the year-to-date, total shipments were 69,120, up 2,220 units or 3.3% from the same period in 1988.

Figure 1

Maybe it's time to change a long-standing prejudice. No one likes February. No one has ever liked February. It has been given the fewest number of days, and there are no distinctive events.

In the North, February is a month of gloom when snow is no longer a novelty. In the South, it is the month during which Northern snowbirds are in full residence, and the annual infestation of college students is anticipated. As far as sports go, football is over, baseball hasn't begun, and basketball excites little more interest than slumbering before the fireplace.

To create commercial excitement during the month, businesses have invented love and patriotism. A minor saint is celebrated with chocolate creations and feigned fidelity. Two presidents have had their birthdays combined into a sale day for sheets, blankets and assorted items left over from Christmas but unsuitable for Easter.

But the RV industry begins to wake up and smell the coffee in February. This year the industry must have had a full dose of caffeine. RVIA reported more shipments in February of 1989 than in any February since 1978. Before seasonal adjustment, total shipments were 35,000 units; after seasonal adjustments, they totaled 35,020. The virtual identity of numbers before and after seasonal adjustments was due to the fact that February is the most typical (or least seasonal) month for the industry.

Total RV shipments in February were up from both a month earlier in 1989 and from the same month of 1988. *(See Figure 1.)* The improvement from January, however, was limited to van conversions. *(See Figure 2.)* Towables fell by nearly 3% from January, and motorhomes were off by just over 1%.

The Detailed View

For the year-to-date, folding camping trailers and conventional travel trailers together wiped out all the gains made by other towable models. Park models, fifth-wheels and truck campers all advanced in

GRAPHICS: CUSTOM COLOR VISUALS

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

Total RVs	35,020	2.4	69,210	66,990	3.3
Travel Trailers:					
Conventional	4,700	2.5	9,290	9,500	-2.2
Park Models	770	19.9	1,400	1,290	8.5
Fifth-wheels	2,590	-5.7	5,340	5,140	4.0
Folding Camping Trailers	2,980	-13.0	6,400	7,480	-14.4
Truck Campers	870	0.3	1,740	1,710	1.6
Motorhomes:					
Class A	3,320	0.4	6,630	6,390	3.8
Class B Van Campers	470	51.1	780	780	0.2
Class C:					
Minis	1,750	-2.8	3,560	3,200	11.2
Low Profiles	150	2.6	310	300	1.0
Micro-minis	100	-65.9	410	460	-11.4
Multiuse Van Conversions	17,310	7.8	33,360	30,740	8.5

Note: Data rounded to nearest 10 units.

Figure 2

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
Total RVs	100.00	100.00
Travel Trailers:		
Conventional	13.42	14.19
Park Models	2.03	1.93
Fifth-wheels	7.72	7.67
Folding Camping Trailers	9.24	11.16
Truck Campers	2.51	2.55
Total Towables	34.93	37.51
Motorhomes:		
Class A	9.58	9.54
Class B Van Campers	1.12	1.16
Class C:		
Minis	5.14	4.77
Low Profiles	0.44	0.45
Micro-minis	0.59	0.68
Total Motorhomes	16.87	16.60
Multiuse Van Conversions	48.20	45.89

Percentages may not add to total because of rounding.

Figure 3

1989 from their levels for the first two months in 1988; these gains, however, were in lower-volume models and could not offset the nearly 1,200-unit decline in folding camping trailers and the 200-unit decline in conventional travel trailers. As a group, towables were down nearly 1,000 units, or almost 4%, for the year-to-date.

Except for the micro-mini Class C units, all motorhomes in 1989 were running ahead of their 1988 levels. As a group, motorhomes were up by 550 units, or 5%, for the year-to-date. Class A units and Class C minis made up this gain, with other models failing to show gains of consequence.

It could be said that van conversions alone accounted for all of the industry's gain in 1989 to date. After a gain of nearly 1,400 units in January, these units posted another increase of more than 1,200 in February so that, after two months, they were up by 8.5% compared with a year ago.

Without the van conversions included in the industry total, the picture would be quite different – a net loss of 400 units for the year-to-date.

Market Shares

1989 seems to be the year when van conversions are making another drive to hold half of the RV market. Through the first two months, they were at 48% of the total; towables sank below 35%, and motorhomes held on to just under 17%. *(See Figure 3.)*

Since van conversions were first separated out as a distinct segment of the RV market in 1976, these popular units have moved up steadily in consumer support. *(See Figure 4.)* In 1986, van conversions seemed ready to challenge other units for half of the total, but they were sidetracked in 1987. They resumed their advance in 1988, and now it would appear that van conversions will cross the 50% mark by either this year or next.

Some executives in the RV industry do not consider van conversions to be RVs because they do not have the physical characteristics seen as prerequisites for classification as RVs. However, the question is not how the industry views these units, but rather how the consumer behaves in the marketplace. If van conversions are substitutes for towables or for motorhomes when the consumer goes to market, the industry may be missing key signals being sent by RV buyers.

Since 1979, during the vagaries of the economy, van conversions have held no less than one-third of the total volume of the industry without relinquishing market share to any significant extent. Rather than throwing out the van-conversion statistics as an irrelevancy, perhaps they should be taken as advisory – if not as prophecy. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

MARKET SHARE FOR VAN CONVERSIONS

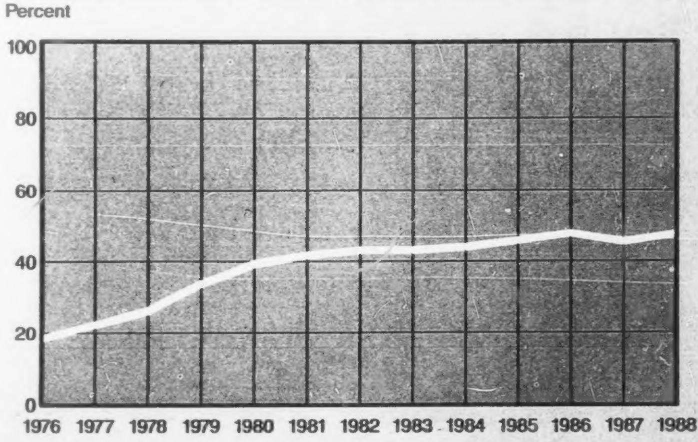
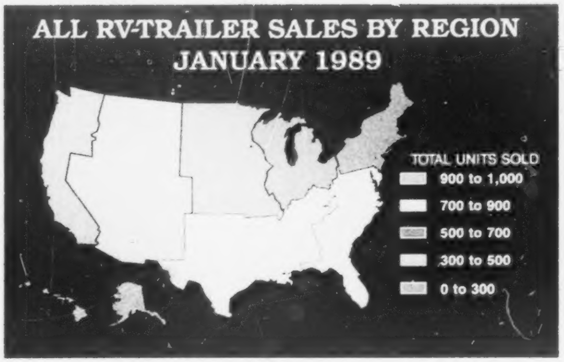
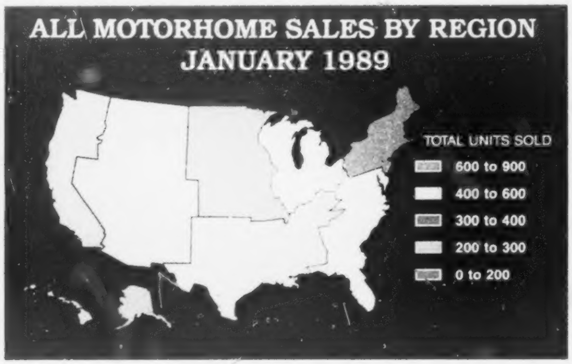


Figure 4

TRAILERS WERE UP, MOTORHOMES DOWN AT THE START OF 1989

THOMAS WALWORTH


ALL RV-TRAILER SALES BY REGION JANUARY 1989


ALL MOTORHOME SALES BY REGION JANUARY 1989

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin. **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont. **Pacific**: Alaska, California, Oregon, Washington, Hawaii. **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Based on January retail registrations, the RV-trailer market was up by 159 units, a 3.65% increase over January 1988. The motorhome market, meanwhile, was down 8.46% from the previous January, reflecting a decrease of 253 units.

In talking about a market being up or down, it is a common error to assume that the entire market is responding in the same way. This is not the case with either the RV-trailer or the motorhome market. While the overall markets were either up or down compared with the previous year, market segments deviated from these average directions. The charts on the right illustrate the fact that some regional markets were outperforming the national average by a wide margin.

The motorhome industry – which includes Class A's, Class A wide-bodies, Class C minimotorhomes and micro-minis – was down by 8.46%, or 253 units, in January when compared with January 1988. In Figure 1, the regions are ranked by percent of change in retail sales from January 1988.

In the leading East North Central region, the state of Indiana reported the largest sales gain. For the bottom-ranked South Atlantic area, West Virginia experienced the largest percentage decline in sales.

The RV-trailer market – which is made up of conventional travel trailers, fold-downs, fifth-wheels and park models – was up by 3.65%, or 159 units, in January when compared with the same month of 1988. Figure 2 features the ranking of regions by the percent of change in retail sales compared with January 1988.

At the head of the rankings, the West North Central market showed the state of Nebraska as having the largest percentage gain in retail sales. Meanwhile, the lagging Pacific market reported that Washington state experienced the largest percentage decline.

In reviewing the data presented for January, remember that one month does not make the year. The weather was a real factor with this year's January numbers. The Northwest was put into the deep freeze with record cold temperatures, while the Midwest experienced a relatively mild January. The Midwest also had mall shows scheduled for a large retail-sales push. Mall shows seem to bring buyers into the market in the central regions of the country.

In 1989, we look for a slow start to the market, but the market should be as strong as the 1988 market – if not slightly improved. The '89 market should finish stronger toward the end of the year. Δ

MOTORHOME MARKET

Jan. '89 Rank	Region	% of Change From Jan. '88	Dec. '88 Rank
1	E.N. Central	15.60	4
2	W.N. Central	14.30	5
3	Mountain	7.98	1
4	Northeast	– 8.90	3
5	Pacific	– 12.50	2
6	S. Central	– 17.05	6
7	S. Atlantic	– 22.90	7

Figure 1

RV-TRAILER MARKET

Jan. '89 Rank	Region	% of Change From Jan. '88	Dec. '88 Rank
1	W.N. Central	25.42	2
2	Northeast	25.41	4
3	S. Central	20.90	5
4	E.N. Central	– 0.20	6
5	Mountain	– 3.19	1
6	S. Atlantic	– 5.96	7
7	Pacific	– 9.95	3

Figure 2

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

GRAPHICS: CUSTOM COLOR VISUALS

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7 Coleman Co. Gets New Top Officers
7 South Bend Show Changes Win Support
7 ASA Gala Features Sports Greats
8 Ill. Show Ban Of Ind. Dealers Challenged
8 Class B Fit For a King — Literally
8 Analysts Lower Profit Outlook Of RV Firms
9 Komfort Meets Creditors, Plans Turnaround
9 NHTSA Cold to Any Easing of Seating Rule
9 Thousand Trails Buy-out Talks Broken Off
10 Merhow Assets Purchased
11 Oil Prices Forecast to Remain High

VIDEO ATTRACTIONS: Manufacturers' videotaped presentations about RV units have become popular RV sales aids, and dealers present their opinions on the most effective video length, coverage and content as well as their ideas on ways to use tapes to generate sales. See page 34.

Enforcement of Electric Code Will Force Model Changes, May Disrupt RV Produc

Tougher state interpretations of an existing electrical code standard could result in significant production problems for RV makers if state inspectors elect to enforce the code before manufacturers have an opportunity to make mandated changes.

At issue, according to Bruce Hopkins, vice president of standards for the RVIA, is a section of the national electrical code that has been on the books since 1981 but has been given a different interpretation, or simply overlooked, by code inspectors until now. However, following a recent review of the code, a Washington state inspector notified RVIA that the code must be enforced under the more strict interpretation and also notified other states of Washington's decision. Now other states have also elected to adopt the more stringent view of the code, said Hopkins.

Specifically, they are now saying that if the [illegible] of the RV exceeds 50 amps, the manufacturer must use either a [illegible] 50-amp power [illegible] or install a second power cord," Hopkins explained. "If you look over the industry you will find that more than 90% of the RVs made today employ 30-amp [illegible] more than 50 amps [illegible]. That being the case, manufacturers are looking at changes that would involve [illegible] load within or below 50 amps.

continued on page 13

Park-Model Makers Gear Up for Increased Demand

Tim Howard sees nothing but good things for the park-model business in 1989 and beyond. Howard, vice president and general manager of Nappanee, Ind.-based Mallard Coach Co. Inc.'s park-model division, believes that the public is just starting to discover "destination camping," and that as they do, more and more people will want to own an affordable "weekend retreat" in the form of a park model.

And Howard is not the only one who is optimistic about park trailers. Two other major manufacturers are gearing up for increased business.

RC Industries Inc., Goshen, Ind., for one, has seen its park-model sales double in the first quarter of 1989 compared with the same 1988 period. "The market picked up earlier in the year," said President David D. Berkey. "If that's an indicator for

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Advertising on television can be an effective and affordable way to promote RV sales. A glossary of TV advertising terms rounds out this discussion of factors such as TV costs, the content of commercials, and ad timing and placement.

Video Attractions 34

Now that dealers have begun to embrace the selling potential of short, well-made videotaped presentations about RV units, they have also begun to develop their own ideas on how to make the best use of the video trend.

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COVER ILLUSTRATION: STEVE BJORKMAN

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RV SALES DOWN IN MARCH

GAYLORD MAXWELL

Our Dealer Advisory Board (DAB) members found the going tough in March. Not only was the total sales volume down from March '88, but so were unit sales of *all* five RV categories in both new and used. Sixteen of the 23 board members reported their sales volumes down, grosses tended to be weaker than normal, and bottom lines suffered.

New inventories were high for most DAB members; some said they were higher than they have ever been. On the other hand, used inventories tended to be low.

Year-to-date, overall, the picture was slightly better, thanks to improved sales in January and February. Sales volume for the dealer board was still up slightly. New units were barely holding in the plus column, while used sales were off a bit. In sales volume, the DAB was about equally split between those who were up and those who were down.

The bottom has not fallen out of the RV market by any means, but it was apparent in March that the sledding was getting rougher. The culprits were undoubtedly higher gas prices and increased interest rates. Conservative buyers tend to back off when operating costs go up and monthly payments increase.

Three potential problems should be of concern in the months ahead: (1) If dealers' lots are full of new units, they won't be ordering more, (2) low grosses tend to perpetuate low grosses, so already thin bottom lines could get thinner; and (3) the scarcity of used units could hurt overall sales a great deal since, in these times of very high unit prices, used merchandise is very much in demand.

Motorhomes

After an impressive start in January, sales of new motorhomes have been off last year's pace for two consecutive months. Eleven DAB members were down from last March, five were up, and two were the same. Four of those dealers who were up had increased their sales by only one or two units, whereas, several of those who reported sales declines had dropped by as many as five to eight units. Larger dealerships were about evenly divided between ups and downs.

Gross profit ratings on new units were generally in the fair or good columns. Grosses on used sales tended to be better.

From all indications, the motorhome business is going to get even tougher in the coming months. Quite likely, we'll see some fall-out among the marginal dealerships. Some of the small, multitype dealerships undoubtedly will drop motorhomes and focus more on trailers.

Travel Trailers

After two months of pluses, the March report showed a decided drop into the minus column by new units. Ten DAB trailer dealers were off the previous year's mark; several of the larger dealerships were down drastically. Although seven board members were up, four were ahead by only one unit each. Used sales were off by several percentage points.

Year-to-date, new units were still ahead of last year, but only by a few units. Used sales were down significantly.

After an impressive first two months, it seems that trailers are not going to be as popular this year as first appeared.

Truck Campers

In spite of the fact that the highways seem filled with relatively new trucks and campers, new-unit sales figures for the DAB members who carry this type of unit did not indicate a boom in progress. Even though the unit difference wasn't great, the 29% new-unit sales decrease in March was impressive. Used units were off last year's pace by a little less. Profits were quite good, however.

Even though our figures showed that sales of this RV type were on the sluggish side, there were reports of excellent sales and profits by a few dealers who found the right combination.

Folding Camping Trailers

After February's boom in fold-downs, March was more of a bust. Actually, the decline wasn't that great, but the good lead that dealers of this RV type had gained for the year dwindled to a mere 1% advance over '88. Our DAB members were about equally divided between the ups and the

continued on page 50

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MOTORHOMES	155	183	−15	459	453	+ 1	159	175	− 9	412	410	(+1%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TRUCK CAMPERS	27	38	−29	53	69	−23	19	25	−24	41	64	−36
[illegible]	[illegible]	[illegible]	−41	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FIFTH-WHEELS	37	41	−10	108	100	+ 8	18	20	−10	59	61	− 3

	FOR MONTH			YEAR-TO-DATE		
	MARCH 1989	MARCH 1988	% CHANGE	1989	1988	% CHANGE
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL UNIT SALES	833	945	−12	2,075	2,119	−2
[illegible]	[illegible]	[illegible]	−15	[illegible]	[illegible]	[illegible]
USED-UNIT SALES	355	384	− 8	848	901	−6

The "DAB Perspective" is a compilation of data provided by *RV Business* Dealer Advisory Board, a group comprised of 25 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dassen,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Ed Peterson,** Lafayette, Ind.; **Bill Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

DAB PERSPECTIVE *from page 19*

downs. Used sales of this type were unique in that they were the only type in the plus column. Profits were rated fair to good.

High gas and interest prices should work in favor of sales of this RV type. Unfortunately, logic can't always be applied to the RV business.

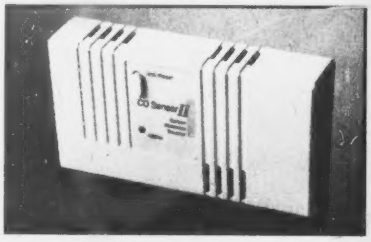
Fifth-wheels

After so many months of reporting the good news about fivers, it appears that a corner has been turned. March was the second consecutive month that the DAB reported new-unit sales down from the corresponding month last year. The actual unit differences weren't great, but the fact that they dropped at all seemed strange. Most dealers were about where they were last year at the same time, but one very large fifth-wheel board member stubbed his toe badly in March, and that brought down the total. Profits were rated higher than for any other type.

Year-to-date, the picture was better. The 8% increase over the previous first quarter was the best of any type.

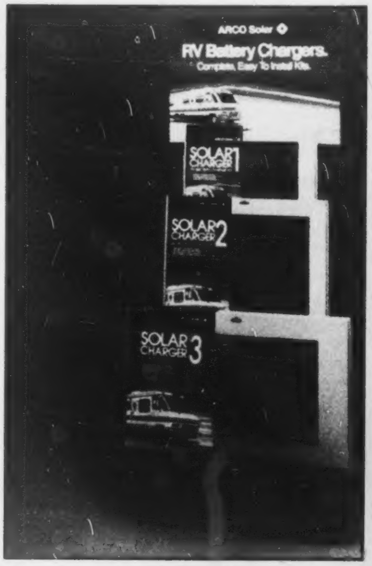
Retirees are the big buyers of fifth-wheels, and they tend to be conservative. Perhaps they are just waiting for prices to drop a bit. Δ

PROFITMAKERS



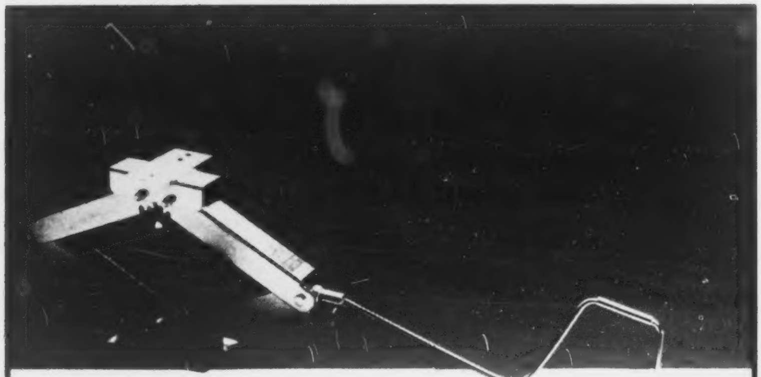
Asahi Electronics Markets Carbon-Monoxide Detector

Asahi Electronics Inc., Markham, Ontario, in association with Atomic Energy of Canada, has developed a detector that can sense carbon-monoxide gas at low levels. The warning device operates on a 9-volt battery and has an infinite sensor life. The heart of the sensor is a catalyst with a polytetrafluoroethylene coating, which protects the unit from water. Asahi Electronics Inc., 30 Alden Rd., Unit 4, Markham, Ontario, Canada L3R 2S1.



New Line of Solar Chargers Released by ARCO Solar

ARCO Solar is offering a full line of solar-electric charger kits, including battery-trickle chargers to large charging modules for on-board appliance power. The chargers offered by ARCO include a 2-pound, 2.5-watt charger; a 4-pound, 5-watt charger; a 6-pound, 22-watt charger; and an 11-pound, 35-watt charger. The chargers will generate power on cold or partially overcast days, because they generate electricity from light, not heat, reports the company. Energy stored in the battery during the day can be used at night. ARCO Solar Inc., P.O. Box 6032, Camarillo, Calif. 93010.



A chromed handle with speed handle grips makes it easy to operate each B.A.L. Leveling Jack to a maximum 5000 lbs. capacity. The Leveling Jack's heavy duty steel construction insures years of dependable operation and the zinc plating helps prevent rusting. Fits most models of motorhomes, travel trailers and 5th wheels, providing a closed height of 4 ¾" that extends to 24 3/16".

B.A.L. Leveling Jacks. They're *ROCK SOLID.*

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JUNE 16, 1989

Open House Gets Good Reviews

In an informal survey by *RV Business* shortly after the conclusion of the National RV Open House, dealers were giving generally upbeat reviews of the May 13-21 promotional event, along with suggestions for future programs.

According to Bob Strawn, executive vice president of RVDA, a total of 1,205 dealers participated in the Open House Week, the biggest consumer promotion in the RV industry's history. That number was far greater than originally expected for the event, which was coordinated as an industrywide campaign by RVIA, RVDA, state and local associations, and individual dealers.

The nationwide effort was kicked off by a special RVing section published in the May 12 weekend edition of *USA Today*, which included an entry form for a sweepstakes to encourage shoppers to visit participating local dealers, whose names were listed in the ad. Sweepstakes prizes ranged from trips to RV rentals to catalogs and gifts. Dealer participants paid $100 for an RVIA registration packet that included an RV-lifestyle video, an event planner, publicity releases, buttons and a banner.

In RVB's sampling, the majority of participating dealers across the country endorsed the open-house concept, and most said that they had built upon the materials and suggestions provided by RVIA to make an extra push with heavier-than-usual advertising, mailings, fliers and open-house signs. Some dealers also used TV ads based on a special RVIA-

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RV TOURS TAP GROWING MARKET: More and more RVers, like these pictured enjoying a caravan to Puerto Vallarta, Mexico, are turning to private RV tour firms. See story below.

RV-Tour Firms Report Market Growth, More Exotic Trips

More than 34 years after the concept was pioneered by Airstream founder Wally Byam, organized RV touring continues to gain popularity. The industry's eight to 10 private RV tour organizers report an almost constant, if gradual, increase in demand for their packaged style of travel.

"Business has been brisk," said Harlan Hanson, president of Point South RV Tours Ltd., Canoga Park, Calif., which escorts 400 to 600 rigs a year as a subcontractor for a number of tour companies and owners clubs. "I don't know percentages, but we're very pleased with the bookings."

The menu of services offered by private firms accounts for part of their growth, as destinations become more exotic and itineraries, in many cases, more flexible. But the RV-tour business is not an easy way to make a buck, stress private tour operators. They describe the tour business as a very competitive field requiring painstaking attention to detail, constant staff training, an ability to work around political or natural events, high promotional expenses and, at times, the patience of Job.

Contrary to appearances, driving is only a small part of his company's responsibility, according to Larry Olsen, managing director of Tracks to Adventure, El Paso, Texas. "The challenge is one of coordination, of keeping people comfortable and bringing them back happy from their vacations," asserted Olsen, who is employing 21 couples to act as tour guides for up to 50 tours, which can cost participants as much as $220 a day.

"This is one of the toughest businesses you could possibly get into because we are selling a dream," stated Olsen, whose sales grew 20% last year. "You're vulnerable because of unreliable suppliers and service personnel. And there's no book on this. We're trying to write the book as we go and to do this thing right."

"The travel business is a growth business with us because our universe (membership) is growing. However, I

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As repercussions of Chevrolet Motor Division's 1988 pool-only chassis policy continue to shake out small converters, the major van converters predict strong sales growth, both for themselves and their industry, and chafe against the limits placed by tight chassis supplies

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COVER PHOTO: COURTESY OF TRACKS TO ADVENTURE, EL PASO, TEXAS

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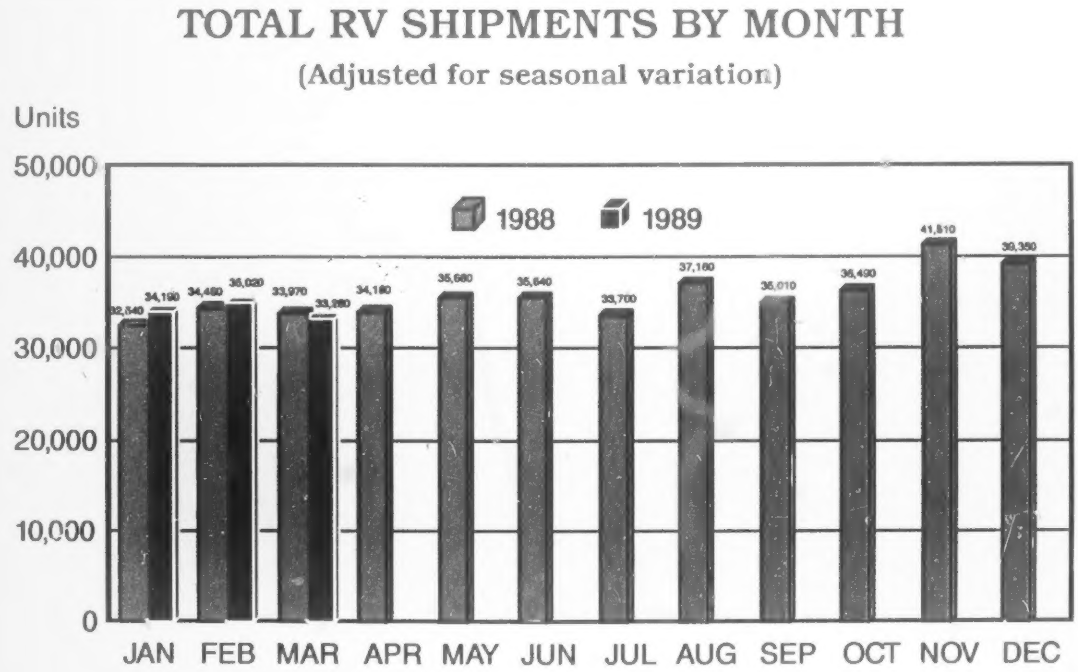
IS IT TIME TO HOLD ONTO YOUR (HARD) HAT?

MORTON J. MARCUS



TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)

For the year-to-date, total shipments were 102,490, up 1,530 units or 1.5% from the same period in 1988.

Figure 1

Fact: Total RV shipments in March 1989, after adjustment for normal seasonal variation, totaled 33,280 units. *(See Figure 1.)*

Interpretation 1: After a very strong February, the pace eased in March. Nonetheless, for the first three months of the year, total shipments were *up* more than 1,500 units in a market that many see as extraordinarily uncertain. This was a continuation of the upward trend in quarterly RV shipments seen in year-to-year comparisons. At 102,490 units shipped, this quarter is ahead of the same quarter last year – just as in 1988 and 1987 the first quarter showed improvement from the same period a year earlier.

Interpretation 2: The sky is starting to fall, and this is the first evidence. Compared with March of a year ago, shipments were down more than 2%; compared with February 1989, shipments were down 5%. March 1989 recorded the lowest level of monthly shipments in 14 months.

Although we are not inclined to accept the second interpretation, and we do not believe that much weight can be put on monthly data, there is some reason to secure an umbrella or a good hard hat for protection from possible economic fallout in coming months.

The Evidence in Detail

Every type of towable lost ground in March compared with February. To be sure, fifth-wheels were down by less than 10 units, but they were not up. As a group, towables declined by 4.5% in the month and were down by nearly 2,200 units for the year-to-date. *(See Figure 3.)*

GRAPHICS: CUSTOM COLOR VISUALS

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.44	14.30
Park Models	2.00	1.92
Fifth-wheels	7.74	7.65
Folding Camping Trailers	9.00	10.92
Truck Campers	2.51	2.59
TOTAL TOWABLES	34.69	37.38
Motorhomes:		
Class A	9.59	9.76
Class B Van Campers	1.24	1.26
Class C:		
Minis	5.19	4.99
Low Profiles	0.42	0.54
Micro-minis	0.65	0.63
TOTAL MOTORHOMES	17.08	17.17
Multiuse Van Conversions	48.23	45.46

Percentages may not add to total because of rounding.

Figure 2

To add weight to the argument, it should be noted that towables have fallen each month thus far this year, with folding camping trailers taking the biggest hit. These popular units have declined by 1,800 units (16%) from their quarterly shipment level of a year ago.

Motorhomes showed a slight uptick in March, but it was very slight; the gain was a trivial 30 units, or 0.5%. Motorhomes, as a group, have been stagnant all year, staying at between 5,800 units and 5,900 units per month. For the first three months of 1989, motorhomes gained by just 170 units (1%) on their performance at the same point in 1988. Class A and Class B units, plus the micro-mini Class C units, showed less than a 50-unit change each, and the sum of the change for the three types was a grand zero. Only the 290-unit gain of Class C minis, offset by the 120-unit loss of low-profile units, gave any movement at all to the motorhome market.

With all of this excitement (yawn), we are left with van conversions to add spice to our report. For the first three months of the year, van conversions were providing some interest, with a gain of more than 3,500 units (7.7%) compared with the same period a year ago. But March was most disappointing even for this RV type. Reported shipments of van conversions normally rise by 7% or 8% in March compared with February levels. Yet this March, before adjustment for seasonal factors, van-conversion shipments were even with those of February. Hence, after seasonal adjustment, shipments were down by 7% and ended up at the same level as in January.

The net result of these slight movements was a a shift in market shares. *(See Figure* 2.) Van conversions were up nearly 3 full percentage points to 48% of the market. They had taken most of their gain from towable units.

Given the variety of factors that can cause month-to-month variations, it is too early to declare the industry a hardship case.

A Final Note

It is clear that the first quarter results were weak. Although this quarter was better than the first quarters of 1986, 1987 and 1988, it still represented a decline of nearly 15% from the preceding fourth quarter of 1988. The strength of February, as reported here a month ago, was not carried through by the March data.

Many economic forces are at work in the economy, and they seem to be dampening RV shipments. High-interest rates, uncertainties about gasoline prices, inflationary expectations and auto rebates all work to reduce the marketability of RV units.

However, these first-quarter results suggest that the industry is not in extreme distress. At this point, projected annual RV shipments are still equal to nearly 410,000 units, or within 5% of last year's total. Given the variety of factors that can cause month-to-month variations, it is too early to declare the industry a hardship case. ∆

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

For a complete statistical overview of the RV industry, see the *RV Business 53rd Annual RV Industry Directory*, where economist Morton Marcus provides graphics and commentary on 17 years of data to explain industry trends in the areas of market share, annual shipments by RV type, the impact of economic factors, plus more.

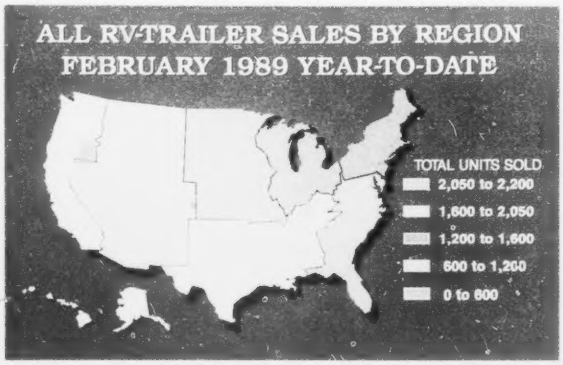
RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

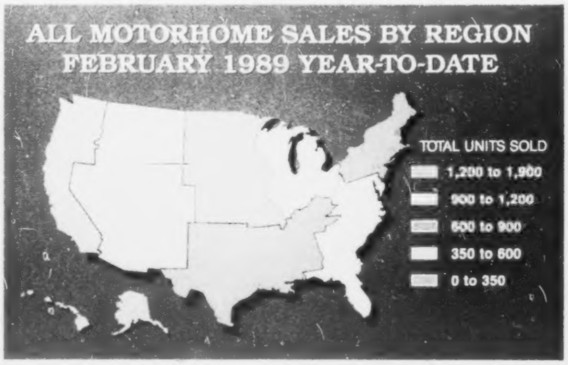
TYPE OF UNITS	MAR 1989	PERCENT CHANGE FROM FEB 1989	YEAR-TO-DATE 1989	YEAR-TO-DATE 1988	PERCENT CHANGE
Total RVs	33,280	-5.0	102,490	100,960	1.5
Travel Trailers:					
Conventional	4,490	-4.6	13,780	14,440	-4.6
Park Models	650	-15.5	2,050	1,930	6.0
Fifth-wheels	2,590	-0.2	7,930	7,730	2.7
Folding Camping Trailers	2,830	-5.1	9,220	11,020	-16.3
Truck Campers	830	-4.8	2,570	2,610	-1.8
Motorhomes:					
Class A	3,200	-3.8	9,820	9,850	-0.3
Class B Van Campers	490	4.8	1,270	1,270	0.1
Class C:					
-Minis	1,770	0.6	5,320	5,030	5.7
-Low Profiles	120	-22.5	430	540	-21.8
-Micro-minis	260	152.2	670	630	5.4
Multiuse Van Conversions	16,070	-7.1	49,430	45,890	7.7

Figure 3

FEBRUARY SALES SET SLOW PACE

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin. **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont. **Pacific**: Alaska, California, Oregon, Washington, Hawaii. **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

According to completed February retail registrations, RV sales were not only down compared with February 1988 but also were down for the year-to-date. However, despite the national trend, some regional markets still did very well.

For the year-to-date, the motorhome industry in February was 5% below its sales mark in 1988, reporting 338 fewer units sold than in the first two months of last year. Motorhome sales for the month of February also were 3.8%, or 144 units, behind sales for February 1988.

Figure 1 shows the ranking of regions by the percent change in February motorhome sales compared with the same month a year earlier. In the highest-ranked South Central region, the state of Mississippi experienced the largest percentage gain, while, at the other end of the spectrum, the state of Washington reported the largest decrease in the bottom-ranked Pacific region.

In Figure 2, the same regions are ranked by the percent change in motorhome sales for the first two months of 1989 compared with the same period in 1988. In the leading West North Central region, Kansas reported the biggest positive gain for the year-to-date. The state of Washington again came in with the largest percentage decline in the trailing Pacific region.

Nationwide, the RV-trailer industry was down by 7.3%, or 451 units, this February when compared with the sales figure for the same month last year. Year-to-date numbers put the trailer industry 1.4%, or 177 units, behind its sales total for the first two months of 1988.

Figure 3 outlines the ranking of regions by the percent change in February RV-trailer sales compared with February 1988. The Northeast region was in the lead, and Michigan topped other states in that region with the largest percentage gain. In the lowest-ranked West North Central region, North Dakota experienced the largest percentage decline.

A ranking of regions in terms of percent change in RV-trailer sales for the year-to-date is shown in Figure 4. The Northeast region is again at the head of the list, with Michigan experiencing the largest percentage gain for the year-to-date. At the other end of the scale, the Pacific region trailed other regions in terms of year-to-date sales.

MOTORHOME MARKET

Feb. '89 Rank	Region	% of Change From Feb. '88	Jan. '89 Rank
1	S. Central	20.90	6
2	Northeast	6.40	4
3	S. Atlantic	5.12	7
4	Mountain	-4.76	3
5	W.N. Central	-1.69	2
6	E.N. Central	-3.43	1
7	Pacific	-20.70	5

Figure 1

MOTORHOME MARKET

Feb. '89 Rank	Region	% of Change Year-to-Date	Jan. '89 Rank
1	W.N. Central	8.06	2
2	Mountain	7.77	3
3	E.N. Central	5.37	1
4	S. Central	2.18	6
5	Northeast	1.13	4
6	S. Atlantic	-7.70	7
7	Pacific	-16.60	5

Figure 2

RV-TRAILER MARKET

Feb. '89 Rank	Region	% of Change From Feb. '88	Jan. '89 Rank
1	Northeast	12.97	2
2	S. Atlantic	-4.87	6
3	Mountain	-4.97	5
4	E.N. Central	-8.14	4
5	Pacific	-11.13	7
6	S. Central	-15.90	3
7	W.N. Central	-24.40	1

Figure 3

RV-TRAILER MARKET

Feb. '89 Rank	Region	% of Change Year-to-Date	Jan. '89 Rank
1	Northeast	16.38	2
2	Mountain	10.80	5
3	S. Central	.20	3
4	W.N. Central	-4.20	1
5	E.N. Central	-4.87	4
6	S. Atlantic	-5.08	6
7	Pacific	-10.22	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

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AT RETAIL *continued*

with California reporting the biggest percentage dip.

Clearly, this year's market started a little slower than the industry had expected. The Western regions, in particular, were off last year's pace, and some observers attributed the slow start there to the blast of cold weather received in February. The soft sales in the Western regions had a greater effect on overall results than the sales trends in other regions because the Western regions control 20% of RV-trailer sales and 30% of total motorhome sales. In fact, although overall figures and Western sales tallies lagged, the Northeast continued strong in terms of both motorhome and RV-trailer retail registrations.

In general, a rise in interest rates and poor weather seemed to have kept buyers away from dealers' lots in the early months of the traditional busy season. But we remain optimistic that the industry will experience an extended buying season to offset this year's slow start. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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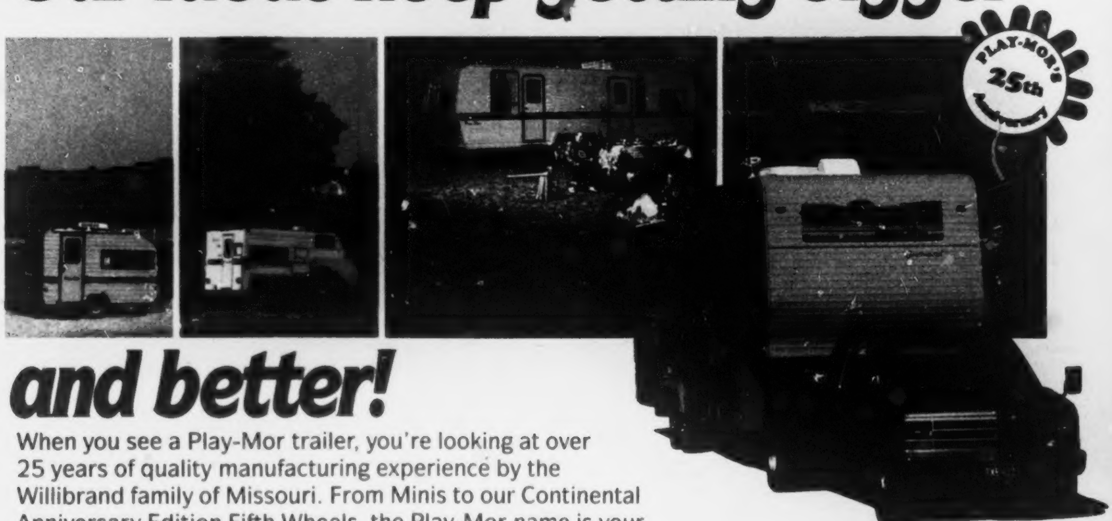

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RVIA Seeks New Ruling on Electric Code

RVIA, after initially saying that it would require manufacturers to conform to a new, stricter interpretation of the National Electric Code (NEC), has modified its stand and is now seeking to get state inspectors to forestall enforcement until the issue can be further investigated and clarified.

Following a recent review of the electric code, a Washington state inspector, who was later joined by other state officials, notified RVIA that some RV electrical requirements would be interpreted differently to assure overcurrent protection. The change would require many RV manufacturers either to replace 30-amp cords, which are presently used as standard equipment, with 50-amp cords or to employ a complex series of switching devices. RVIA initially agreed to incorporate the code interpretation into its standards requirements, providing state enforcement would be forestalled until Sept. 1, 1989.

However, after holding additional meetings with the National Fire Protection Association (NFPA) and state officials, Bruce Hopkins, RVIA vice president of standards, said the association determined that there was adequate confusion to require a formal interpretation from the NFPA before RVIA initiated any change in its standards.

"In my earlier reading of the standard, after the issue was raised," Hopkins said, "I was ready to concede that perhaps RVIA had been interpreting the standard incorrectly all these years. I thought that we should go ahead and make the appro-

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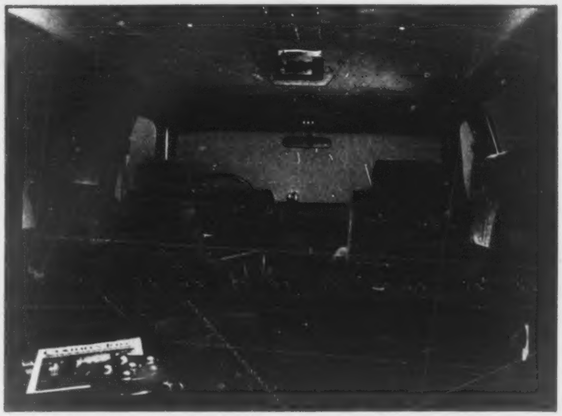

MAJOR MOVES FOR MINIVANS: Converted minivans have moved quickly to capture more than 20% of the conversion market, yet converters disagree over the minis' f[illegible] impact. See page 22.

Used Sales Are [illegible] 1989

Field reports on new retail RV sales remained mixed throughout spring, but used-vehicle sales in most cases were so hot that many dealers said they couldn't get enough used vehicles for their inventories.

[illegible] Cruise America Inc., Miami, Fla., is reporting a great demand for the 1987 and 1988 Fleetwood and Winnebago Class A motorhomes and for the Fleetwood and Coachmen Class C's currently being culled from the company's 5,400-unit fleet and sold through wholesale and retail outlets. Some of that demand also is due to Cruise America's effective promotion offering buyers $1,000 in free gas with the purchase of used fleet vehicles.

New-vehicle retail activity on the company's Florida sales lots has sometimes been disappointing this spring, admitted Cruise America's Randall S. Smalley, vice president of the rental division, but he added that he was glad that he had purchased extra vehicles specifically to build up used-vehicle inventories for later sale on Cruise America's lots.

"New sales stink," said Smalley, "but the used vehicles are very strong as far as unit sales, with sales hitting records almost every month. This year, we're gunning for sales of 1,500 units as opposed to 1,28[illegible] used motorhome sales last year. The grosses on the used RVs also been strong, which is really refreshing."

Interviews with other industry executives supported the same theme:

- The dealers with whom Georgie Boy Manufacturing Inc., Edwardsburg, Mich., does business indicate there's probably a shortage of used equipment, especially in the motorized area, according to Craig Alexander, director of marketing and sales.
- Said Pete Liegl, president of Van American Inc., Goshen, Ind.: "Used has been very good across the board."
- "We're just swamped with demand for new and used," noted Abe Badas, a spokesman for General Trailer Inc., a Southfield, Mich., dealership, adding that larger travel trailers are

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REALISTIC APPROACH YIELDS IMPROVED RV-INDUSTRY FORECAST

MORTON J. MARCUS

The last quarter of 1988 was a most unusual period in RV-shipment history. At the time, we questioned the van-conversion data and were assured that these were real changes, not statistical artifacts.

Events since have shown that if the fourth quarter was real, it should not have been taken seriously.

Readers will recall that shipments in the fourth quarter of 1988 totaled 118,700 units, which was 15,000 units higher than the average for the preceding year. In a word, the close of 1988 was amazing, particularly for van conversions.

Then, early in 1989, industry members began to talk about how badly the industry was doing. Our forecast, however, in the April 7 issue of *RV Business* indicated a year of growth. And, reports on shipments through the first quarter of 1989 indicated that there was no *major* problem. February was the best February in 12 years.

Now we can see more clearly what was happening. Action that should have taken place in 1989 was prematurely displaced to late 1988. This left inventories high, depressing profits and spirits.

If we consider the 15,000-unit increase for 1988 as an anomaly and cut it out of the data, then the forecast for 1989 is basically *flat*. Even though the data show a drop of 14,000 units for 1989, that is only compensating for the bulge of November and December when the industry got ahead of itself. The "hard times," now bemoaned by the perennially gloomy, do not exist.

But we have some egg on our faces, too. We based our April forecast on those unusual figures for the fourth quarter. Although we indicated a concern about the numbers, we used them as if they were solid representations of reality rather than the overly eager expression of manufacturers' hopes. Thus, the April forecast for 1989 was too optimistic. As Figures 1 and 2 show, we have brought down that forecast.

The Revised Forecast

1989 shipments will be down compared with 1988, mainly because of the displacement of shipments between the end of last

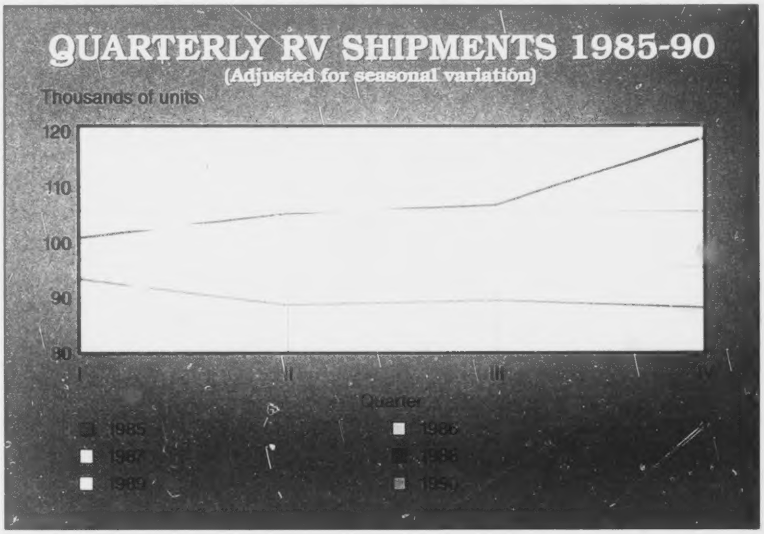

Figure 1

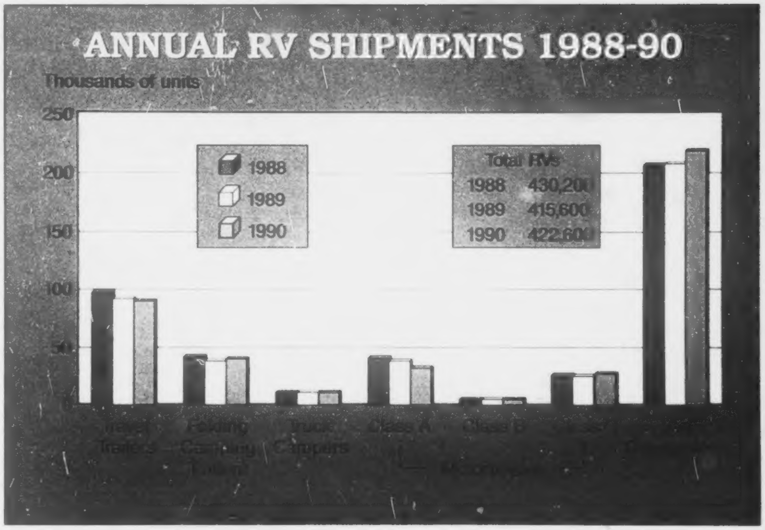

Figure 2

year and the beginning of this year. But the pattern for the remainder of the year should see no further decline. We now expect the RV industry to show moderate growth during the next four quarters. *(See Figure 1.)*

Yes, RV shipments in 1989 will be down from 1988 levels, but most of that decline is the industry's hangover from the unusual conditions of the last three months of 1988. Then, for 1990, we expect a shipments' increase that will recapture half the losses of 1989. *(See Figure 2.)* Thus, 1989 total volume is forecast to be off by 14,600 units (3.4%) from 1988, but 1990 shipments will exceed 1989 by 7,000 units (1.7%).

Our present forecast envisions improvements in 1990 for folding camping trailers, Class C motorhomes and van conversions. Other segments of the RV market will find smaller losses in 1990 than in 1989, except in the Class A motorhome field.

Just how much the forecast has changed between April and July can be seen in Figure 3. Fully three-quarters of the downward adjustment in the forecast have been made in the van-conversion figures, where we have lowered anticipations for 1989 by more than 11%. In neither towables nor motorhomes did the latest forecast vary from earlier predictions by more than 4% for either 1989 or 1990. Basically, we are singing the same tune as we did earlier; only the verse about van conversions has been altered significantly.

The National Economy

Our view of the economy has changed from that offered in April only in degree, not in direction. We still see inflation-fighting by the Federal Reserve System as a driving force for the national economy and the RV industry.

The U.S. economy is slowing, gradually, in response to rising interest rates. Real gross national product (GNP), the market value of all goods and services currently produced and adjusted for inflation, will grow less in 1989 than it did in 1988. GNP will then slip close to, but not into, a recession in 1990. *(See Figure 5.)*

Consumer spending will be one of the comparatively strong sectors in 1990, with a weak 1% increase. Business investment will still grow in 1989, but at a much slower rate than in 1988. Exports do not offer the strength they provided in 1988.

Behind this weakening performance is a continuing rise in interest rates. *(See Figure 4.)* We do not see interest rates rising as steeply as earlier in the year, but the upward pressure will remain as long as inflationary forces continue. Thus, we now expect the prime rate to average 11.8% in 1989 and 13.2% next year, down from the 12.3% and 13.4% levels that we had forecast earlier in the year. The lower prime-rate increase is brought about by a slow rate of growth in the money supply this year, which will have its full effect during the next year.

RV SHIPMENTS
(Thousands of units)

Years	Van Conversions	Motor-homes	Towables
1986	181.6	68.7	132.1
1987	182.5	74.9	145.6
1988	206.8	73.0	150.4
Forecast			
April '89	234.0	70.7	144.8
July '89	207.4	67.9	140.3
% Change	11.3%	-4.0%	3.1%
April '90	224.6	62.6	136.3
July '90	219.4	63.9	139.2
% Change	2.3%	+2.1%	+2.1%

Figure 3

Unit auto sales, meanwhile, are forecast to drop by 14% in 1989 and by another 6.5% in 1990 under this scenario. *(See Figure 6.)* The effect on housing is less dramatic, but the composition of offerings in the housing market can be expected to alter. Average housing-unit size, for example, will drop.

The federal government shows no signs of resolving the budget deficit problem. In fact, recent agreements between the Bush administration and Congress on financing the savings-and-loan bailout and on the 1990 budget seem to indicate an abandonment of any serious effort to reduce the deficit. But that is not the greatest force behind inflation. Nor can food prices be considered the inflationary villain, although they are rising; likewise, motor-fuel prices are not a major factor as in the past. *(See Figure 4.)*

KEY FACTORS IN THE FORECAST

	1988 Revised	1989 Forecast	1990 Forecast
Prime Interest Rate (%)	9.3	11.8	13.2
Value of the Dollar (1973 = 100)	92.8	95.8	92.8
Unemployment Rate (%)	5.4	5.3	5.9
% Change at Annual Rates:			
Money Supply (M2)*	5.1	3.5	5.0
Real Disposable Personal Income	3.8	4.3	1.9
Consumer Price Index	4.1	5.0	5.7
Food & Beverages	4.1	6.1	7.0
Motor-Fuel Prices	0.8	4.3	6.2

*M2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

Figure 4

ANNUAL GROWTH RATES AFTER ADJUSTMENT FOR INFLATION

	1988 Revised	1989 Forecast	1990 Forecast
Gross National Product	3.9	2.4	0.4
Consumer Spending	2.8	2.3	1.0
Business Investment	9.5	3.4	1.1
Residential Investment	1.7	1.5	-1.7
Exports	18.0	8.4	5.1
Imports	8.7	6.7	3.7
Govt. Purchases			
Federal	3.0	0.8	-1.0
State & Local	2.8	3.3	2.3

Figure 5

ANNUAL TRENDS

	1988 Revised	1989 Forecast	1990 Forecast
Unit Auto Sales (millions)	10.6	9.2	8.6
Unit Housing Starts (millions)	1.5	1.5	1.4
Federal Budget Deficit (billion $)	142.4	160.9	192.8
% Change in Compensation per Manhours	5.0	6.4	6.6
Productivity	1.0	0.2	-0.1
Unit Labor Costs	4.0	6.6	6.7

(Compensation - Productivity = Unit Labor Costs)

Figure 6

Rather, the leading cause of inflationary pressure is the persistent rise in unit labor costs (the difference between compensation per manhour and productivity increases), as shown in Figure 6. The Federal Reserve System will try, by slowing the growth of the money supply, to raise interest rates and take off the inflationary heat. The economy will be cooled in the process.

RV shipments are likely to be sustained in 1989 by continued strength in real disposable income, but that aid will be lost in 1990. Also, the relative price of motor fuel is favorable in 1989 but should become a problem in 1990.

Yet, as seen in Figure 1, none of these negative and positive factors will weaken or strengthen the RV market particularly. After the return to normalcy in the first quarter of this year, we forecast a pattern of rising to flat output levels, varying within a narrow range. It may be boring, but it need not be considered bad business at all. An annual shipment level in excess of 415,000 units leaves plenty of room for all. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

NO EASY PICKIN'S IN APRIL

GAYLORD MAXWELL

April was a tough month for RV dealers, according to RVB's Dealer Advisory Board (DAB). The bottom didn't fall out of the RV market, by any means, but it sure wasn't easy pickin's. In fact, most members of the board said that it was getting harder and harder to make a buck.

According to the DAB, the dollars taken in and the units put over the curb, both new and used, were down from April 1988. Fourteen of the 23 DAB members were down in sales volume. The market played no favorites—big dealerships were down as well as the smaller ones. Three RV categories—motorhomes, travel trailers and fifth wheels—were down in new units, while the other two—truck campers and camping trailers—were slightly up. All five used-unit categories fell in April when compared with the same month last year.

New-unit inventories were running high for most members of the DAB. Only one said his new inventory was low, but he has a large dealership that is now taking advantage of factory discounts. The opposite was true for used units, which seemed to be in short supply. Many dealers said they could not get enough good, clean, used units to satisfy the demand.

Lot traffic was rated as low by most members of the DAB. Those who had traffic said people were looking but weren't buying. Of the units that were sold, the percentage that went to new buyers was small.

In spite of the sluggish market, DAB members rated profits on new units as generally good, or at least fair. Used grosses tended to be even higher. And, of course, with the summer season almost upon dealers, the service-and-accessory business was said to be good. Consequently, bottom lines tended to be not too bad, although four of our board members called April a poor month.

Year-to-date, the picture was about the same. Fifteen DAB members were off last year's dollar pace. Only two categories were up in terms of new-unit sales—folding camping trailers and fifth-wheels. All five types were down in used units for the year-to-date.

Although dealers blamed the slowdown, it should be noted that nine members of our DAB were up from last April, and eight were ahead of last year. In short, not every dealer was hurting, and a few were doing quite well.

Motorhomes

For the third consecutive month, DAB members reported that sales of new, motorized units were lower than the corresponding month of last year, and the percentage drop has increased each month. Nine of the DAB's motorhome dealers were down; six were up. However, most of those who were up were barely so, whereas several of those in the down column were *way* down. The larger dealerships tended to be down more drastically than the smaller ones. Although used sales were also down, dealers attributed that situation, in part, to the scarcity of merchandise.

Even with sales down, new-motorhome grosses received fair to good ratings. In fact, no one said that grosses were poor.

Unless gas prices and interest rates go down, it looks as if it might be a year of struggle for motorhome dealers.

Travel Trailers

For the second consecutive month, travel trailers were in the down column. New units were down substantially. Ten DAB members were off last April's pace; four were up, and five were the same. Even used-unit sales declined—for the third month in a row.

As with motorhomes, profits weren't too bad; they were generally rated in the good or fair columns; two dealers said profits were poor.

Travel trailers took off well in the first two months of this year, but this was the second down month. It may form the basis of a trend.

Truck Campers

For the first time this year, new truck campers slipped into the up column. Of the DAB's two large camper dealerships, one reported a great month, and the other was only slightly down. Used units, for some unexplainable reason, slumped badly. Profits were rated as good.

Indications are that serious camper dealers will have a fairly good year.

Folding Camping Trailers

Folding camping trailers led the pack in their percentage increase in unit sales in April. However, that fact is misleading to some degree because the increase was solely due to a big sale of special discount-purchased units by a member of the DAB who generally doesn't sell camping trailers. Among our regular camping-trailer dealerships, seven were up in units (most by only a unit or two), and five were down. Used sales were reported to be off.

Profits were generally rated good or fair,

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	APRIL 1989	APRIL 1988	% CHANGE	1989	1988	% CHANGE	APRIL 1989	APRIL 1988	% CHANGE	1989	1988	% CHANGE
MOTORHOMES	137	170	−19	598	611	− 2	149	160	− 9	561	574	− 2
TRAVEL TRAILERS	105	137	−23	404	427	+ 5	126	136	− 7	384	435	−12
TRUCK CAMPERS	30	28	+ 7	83	99	−14	9	19	−53	56	81	−31
CAMPING TRAILERS	141	124	+14	439	418	+ 5	45	54	−20	108	121	−10
FIFTH-WHEELS	43	46	− 6	152	145	+ 5	18	27	−33	76	80	− 5

	FOR MONTH			YEAR-TO-DATE		
	APRIL 1989	APRIL 1988	% CHANGE	1989	1988	% CHANGE
SALES VOLUME	$13,550,608	$15,663,152	−13	$52,080,878	$53,819,922	−3
TOTAL UNIT SALES	803	905	−11	2,861	2,988	−4
NEW-UNIT SALES	456	505	−12	1,676	1,697	−1
USED-UNIT SALES	347	400	−13	1,185	1,291	−8

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DAB PERSPECTIVE *continued*

although two dealers rated them excellent, and one said they were poor.

By April, camping trailers were doing better this year than they have in a long time. Along with fifth-wheels, they were still up for the year-to-date. Apparently, young families are appearing in the marketplace again.

Fifth-wheels

April was the third consecutive month in which fivers did not sell as well as they did in the corresponding month of last year. In units, the decline in sales wasn't much (three units), but it did indicate that the market was, at best, stationary. One of the largest DAB dealerships of this type had an exceptionally bad month; however, most dealers were about the same as last year. Year-to-date figures were still in the plus column, but barely so.

Profits were rated good to fair.

Perhaps the fact that fifth-wheel buyers are generally retirees accounted for the downturn in sales of this type. Older, more conservative people tend to back off quickly from spending when they're not sure of things – such as gas prices and interest rates. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business* Dealer Advisory Board, a group composed of 23 dealers representing a cross section of the U.S. dealer body.

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This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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RV BUSIN

JULY 17, 1989

Bush Speaks On Outdoors At RV Rally

"I want to preserve our scenic byways, those picturesque roads that offer powerful views of the nation's natural splendor."

President George Bush reaffirmed his commitment to an array of environmental issues and conservation-minded constituents June 21 by helicoptering into the Virginia State Fairgrounds for a brief evening talk before hundreds of motorhome enthusiasts at the Family Motor Coach Association (FMCA) spring convention held in Richmond, Va.

While applauding the wanderlust and self-reliant nature of his audience, Bush, flanked by two Class A motorhomes and a contingent of Secret Service agents, told a grandstand full of red-jacketed FMCA members and RV industry officials that "it's time to renew the environmental ethic in America" and adopt "a new sense of restoration" toward the natural world." In so doing, he urged support for recent Bush administration initiatives targeting public land acquisitions and clean air.

"The natural beauty that you and I enjoy today is a sacred trust," said Bush. "So, we must do more than simply limit the damage that we've already done. We must work to preserve and restore the integrity and richness of this continent's natural splendor."

Bush, who also was in Virginia's state capital that Wednesday evening for a Republican fund-raiser, reminded the coach owners that he had proposed to Congress a $200 million-a-year increase for a 27-state, recreational land acquisition program handled through the National Park Service, the Fish and Wildlife Service, the Bureau of Land Management and the Forest Service.

The President drew hearty applause for his land acquisition proposal, as well as for his comments on the Scenic Byways program, in which American RV industry factions have played a leadership role. The program calls for the identification and preservation of key secondary roads for the enjoyment of highway travelers.

"I want to preserve our scenic byways, those picturesque roads that offer powerful views of the nation's natural splendor," said Bush. "These are the roads that Americans love, and such scenic roads can and should be designated for the enjoyment and convenience of travelers. We've already designated 43 National Forest Service byways in 25 states, and the chief of the Forest Service expects to set aside many more. By the end of this week, the Bureau of Land Management expects to identify about 25 new back-country byways nationwide. And, we will do more."

Bush then reiterated his stands on volunteerism, wetlands protection and Clean Air Act reforms that he had introduced only 10 days prior to the Richmond speech. As part of the proposed Clean Air Act reform, Bush is seeking a 75% cut in all categories of airborne industrial toxic chemicals by the end of the century.

Singled out for praise in the chief executive's brief speech was American Recreation Coalition (ARC) President Derrick A. Crandall, whose organization, representing myriad recreational interests, has spear-

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COVER PHOTO: ROBIN LAYTON

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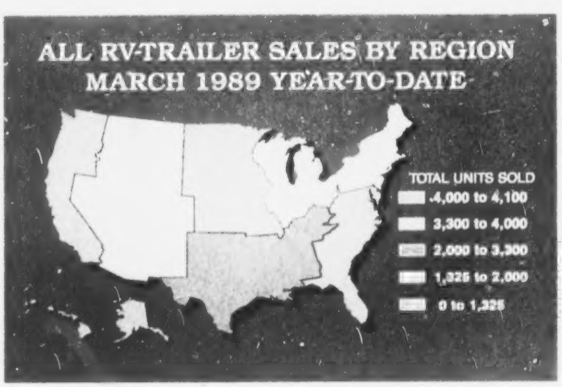
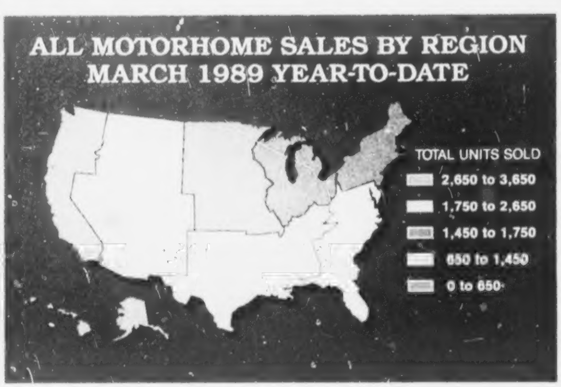
MARCH SALES TAKE A DOWNWARD TURN

THOMAS WALWORTH





East North Central Illinois, Indiana, Michigan, Ohio, Wisconsin. **Mountain** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Northeast:** Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont. **Pacific** Alaska, California, Oregon, Washington, Hawaii, **South Atlantic** Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **West North Central** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

In March, both the RV-trailer and motorhome sides of the industry experienced a correction in the market.

RV-trailer retail sales nationally were down 4.71% in March compared with March of last year and down 2.35% for the first quarter compared with 1988. The motorhome market, meanwhile, fell 14% in March compared with the same month in 1988 and dropped 8.6% for the first quarter compared with the first three months of last year.

These percentages appeared to put the industry in a down position, but, in reality, the RV-trailer market was off by a total of only 524 units for the year-to-date, while motorhome sales fell by 1,084 units compared with their 1988 first-quarter pace. These were not severe declines when spread out over the number of manufacturers in both industries, although these retail numbers should cause concern on the part of both trailer and motorhome manufacturers.

Also, despite the downward movement nationally, there were some strong regional markets in March.

For example, Figure 1 shows the ranking of regions by the percentage change in RV-trailer sales from March 1988. In the leading South Central region, Texas recorded the largest percentage gain in trailer sales from March of last year. Among the trailing West North Central states, North Dakota experienced the largest percentage decline compared with March 1988.

Figure 2 shows the ranking of regions by percentage gain in RV-trailer sales in the first quarter compared with the first quarter of last year. The South Central region led the list, with Tennessee reporting the largest positive gain in that region. In the bottom-ranked West North Central states, North Dakota again had the largest percentage decline in trailer sales for the year-to-date.

Figure 3 displays the regional rankings by percentage gain in motorhome sales compared with March 1988. At the top of the rankings came the West North Central region, and Kansas reported the largest percentage gain of that region's states. Among the lowest-ranked South Central states, Oklahoma experienced the largest percentage drop compared with 1988.

RV-TRAILER MARKET

Mar. '89 Rank	Region	% of Change From Mar. '88	Feb. '89 Rank
1	S. Central	20.10	6
2	Pacific	-3.19	5
3	S. Atlantic	-6.02	2
4	E.N. Central	-6.02	4
5	Northeast	-9.73	1
6	Mountain	-13.60	3
7	W.N. Central	-16.30	7

Figure 1

RV-TRAILER MARKET

Mar. '89 Rank	Region	% of Change Year-to-Date	Feb. '89 Rank
1	S. Central	8.84	3
2	Northeast	- 0.28	1
3	E.N. Central	-2.90	5
4	Pacific	-4.70	7
5	S. Atlantic	-4.80	6
6	Mountain	-6.03	2
7	W.N. Central	-9.30	4

Figure 2

MOTORHOME MARKET

Mar. '89 Rank	Region	% of Change From Mar. '88	Feb. '89 Rank
1	W.N. Central	-0.69	5
2	E.N. Central	-7.40	6
3	Northeast	-7.70	2
4	Pacific	-12.60	7
5	Mountain	-17.30	4
6	S. Atlantic	-21.80	3
7	S. Central	-27.60	1

Figure 3

MOTORHOME MARKET

Mar. '89 Rank	Region	% of Change Year-to-Date	Feb. '89 Rank
1	W.N. Central	5.18	1
2	E.N. Central	-0.22	3
3	Northeast	-2.34	5
4	Mountain	-3.65	2
5	S. Central	-10.93	4
6	S. Atlantic	-12.95	6
7	Pacific	-14.50	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

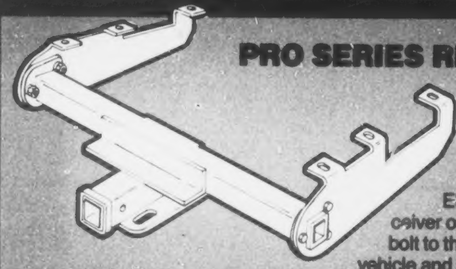
AT RETAIL *continued*

Figure 4 rounds out the motorhome picture with a regional ranking by percentage change in sales for the year-to-date. The West North Central region once more headed the rankings, with Kansas recording the largest percentage gain for the first quarter. The Pacific region lagged behind, with Washington state having the biggest percentage decline in motorhome sales for the first three months of 1989 compared with 1988.

There is no denying that the RV market was down nationwide in March, but there were some bright spots across the country. On a year-to-date basis, 19 states showed positive growth in RV-trailer sales year-to-date compared with the 1988 market, and 21 states recorded an increase in motorhome retail registrations compared with last year. In addition, some large-volume states that had been dormant in recent years came back to life in the first quarter of 1989.

Overall, we still look forward to a stronger market toward the end of 1989. ∆

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.



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RV INDIANA

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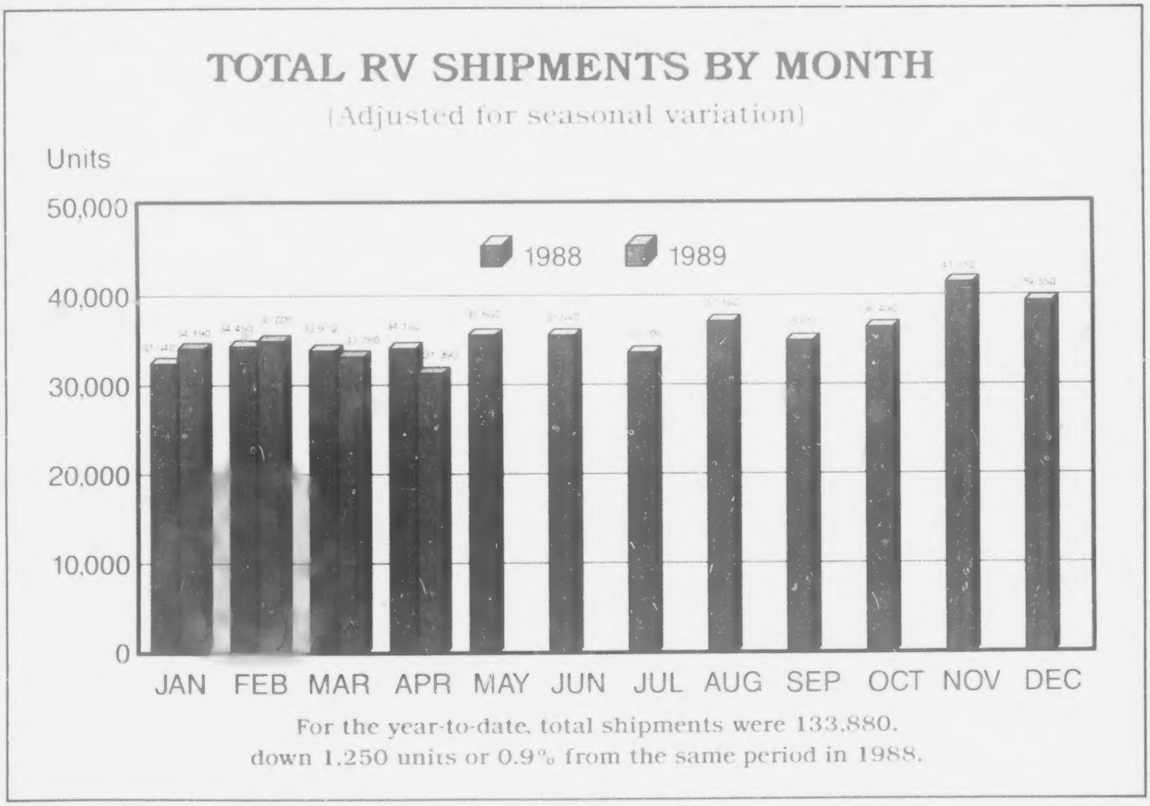
APRIL SHIPMENTS HIT 30-MONTH LOW

MORTON J. MARCUS



For the year-to-date, total shipments were 133,880, down 1,250 units or 0.9% from the same period in 1988.

Figure 1

April begins with a cruel event: April Fools' Day. This is an occasion for mean-spirited jokes and elaborate hoaxes. Therefore, on the first day of April, we sit down with unusual care, open our mail with caution, pause before responding to startling news, and generally distrust friends and family alike.

Now it seems that an evil elf carried the joke too far this year in the RV industry. In April, total RV shipments hit their lowest point since October 1986. After adjustment for normal seasonal patterns, shipments of all units, including van conversions, totaled 31,390 units. *(See Figure 1.)* Not since the autumn of 1986 has the industry been at this level. No month in either 1987 or 1988 was as weak as April 1989.

April's low level of shipments marked the continuation of a general downward movement from the spectacular shipment levels of November 1988, when the industry moved 41,510 units. Thus, in a five-month span, total shipments have dropped by more than 10,000 units, or nearly 25%.

April shipments declined from March's level by nearly 2,000 units and fell short of last year's April tally by nearly 2,800 units. The year-to-date gains made in January and February of 1989 also were wiped out in April. As a result, at the end of the first four months, 1989 shipments were running 1,250 units (about 1%) behind the same period in 1988.

The Detailed View

Only two types of RVs showed any advance in April. Conventional travel trailers added 130 units (up 2.8%) compared with a month earlier, and low-profile Class C motorhomes did better than in March. All other types of RV units recorded a decline from the preceding month.

The uniformity of the April decline is worthy of note. *(See Figure 3.)* Towables, motorhomes and van conversions all declined by comparable percentages, with all drops either just above or just below 5.5%. Although individual percentage changes were wide-ranging, the major groups all had similar experiences.

Among the towables, the contrary, posi-

GRAPHICS: CUSTOM COLOR VISUAL

tive movement of conventional travel trailers offset the strong declines of fifth-wheels, folding camping trailers and truck campers. Class A units performed a similar, positive role for motorhomes; although Class A shipment did decline, they fell by only 2.3% and kept the motorhome group from an even more severe reaction. This strength among top-end units may prove to be the hidden positive among the April numbers.

Van conversions, meanwhile, continued to lead the industry in the month of April. For the year-to-date, van-conversion shipments totaled 2,400 units, or nearly 4% ahead of the pace in 1988.

In contrast, motorhomes and towables were down by a combined 3,600 units, or 5%. As a result, van conversions made up more than 48% of the total market, which placed their market share more than two full points ahead of 1988. *(See Figure 2.)* Because motorhomes dropped just 190 units below last year's level, their market share also rose.

Thus, the current problems of the RV market were basically realized in the decline of towables in April. And, that decline was concentrated in the folding camping trailer segment, whose slide represented 65% of the down volume of the towables group. In fact, if folding camping trailers had done just *half* as poorly during the first four months, the entire RV industry would have been even with the shipment level of last year.

Hence, the darkness suggested by our headline can be seen as a problem concentrated in, but not limited to, one particular segment of the entire industry.

The Impact of World Events

Looking ahead, the shipment figures for April could end up having less meaning for the overall direction of the RV industry this year than recent occurrences in the wider world.

Open elections in Poland, demonstrations and repression in China, more freedom of speech in the Soviet Union, the election of the European parliament, and the death of the Ayatollah Khomeini all have been printed on the front pages of our daily newspapers.

These events all increase uncertainty in the world, but the death of Khomeini is perhaps the most significant in the short run because it can bring about major changes in the price and availability of petroleum products.

If Iran becomes unstable, there could be interruptions in the flow of petroleum products throught the Persian Gulf. Iran itself is a significant producer, particularly for the Japanese economy. There are many possible outcomes. There could be a sustained power struggle accompanied by conflict and rebellion within Iran. Renewed fighting between Iran and Iraq may seem senseless, but it is a conceivable result, either as a diversion for the Iranians or as a retaliatory act by an opportunistic Iraq. Or religious fundamentalism in other nations of the Mideast could be invigorated by the rise of secondary leaders who have been in the shadow of the politically and spiritually powerful Khomeini.

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.74	14.28
Park Models	2.01	1.90
Fifth-wheels	7.64	7.68
Folding Camping Trailers	8.75	10.40
Truck Campers	2.45	2.56
TOTAL TOWABLES	34.57	36.83
Motorhomes:		
Class A	9.67	9.78
Class B Van Campers	1.18	1.23
Class C:		
Minis	5.21	5.06
Low Profiles	0.47	0.48
Micro-minis	0.66	0.63
TOTAL MOTORHOMES	17.20	17.18
Multiuse Van Conversions	48.23	45.99

Percentages may not add to total because of rounding.

Figure 2

Any of these factors, or a combination of them, could reduce the flow of petroleum products and raise world prices. Speculators would then fan the flames, introducing increased instablility in the petroleum market. Higher prices on the world spot-market would become higher prices at the pump within a week, and consumers would draw back.

In such circumstances, the U.S. Federal Reserve System and central banks of the leading nations would have to decide whether to accept the higher interest rates which accompany worldwide destabilization or to accommodate the inflationary forces of higher petroleum prices with a relaxed monetary policy, holding interest rates steady. Neither is a desirable course for the RV industry.

The interests of this industry are best served by exactly what seemed to be happening in Iran at presstime: a smooth transition of power with no public disturbances that suggest basic political instability.

If all goes well, petroleum prices will remain steady or perhaps decline as nations adhere more closely to the OPEC plan. Steady or falling petroleum prices keep inflationary forces in check, reduce the need for higher interest rates by the Federal Reserve, and benefit the RV buyer, dealer, supplier and manufacturer. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE OF UNITS	APR 1989	PERCENT CHANGE FROM MAR 1989	YEAR-TO-DATE 1989	YEAR-TO-DATE 1988	PERCENT CHANGE
Total RVs	31,390	-5.7	133,880	135,140	-0.9
Travel Trailers:					
Conventional	4,610	2.8	18,390	19,300	-4.7
Park Models	640	-1.8	2,680	2,570	4.4
Fifth-wheels	2,300	-11.3	10,230	10,380	-1.5
Folding Camping Trailers	2,490	-12.0	11,710	14,060	-16.7
Truck Campers	710	-14.8	3,270	3,460	-5.3
Motorhomes:					
Class A	3,120	-2.3	12,950	13,210	-2.0
Class B Van Campers	320	-35.4	1,590	1,660	-4.6
Class C:					
-Minis	1,660	-6.1	6,980	6,840	2.0
-Low Profiles	210	72.3	630	650	-2.2
-Micro-minis	210	-18.1	880	850	3.8
Multiuse Van Conversions	15,140	-5.8	64,570	62,160	3.9

Note: Data rounded to nearest 10 units.

Figure 3

RV BUSIN

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ACQ EDITOR ***
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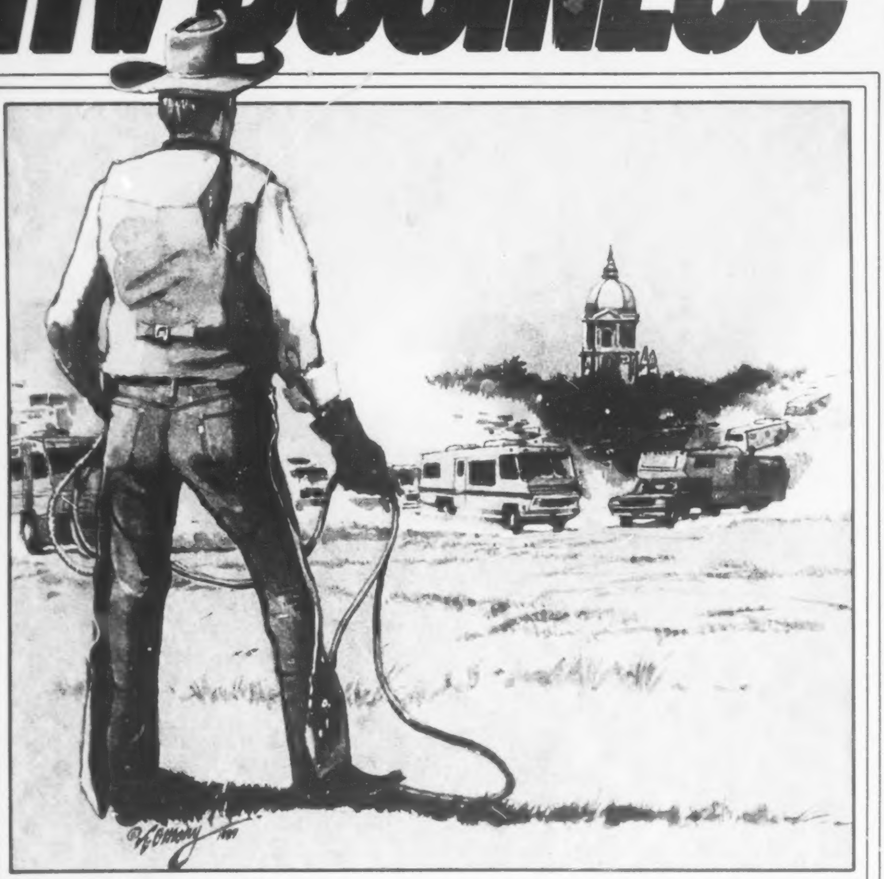
BETHESDA MD 20814

AUGUST 7, 1989



SOUTH BEND ROUNDUP: Exhibitor listings, floorplans, a calendar of events and a quick scouting of area restaurants are aimed at helping everyone "saddle up" for this year's South Bend show. See our special show section on page 75.

7 Vyquest Plans Reorganization

7 RVDA Urges Open-House Changes

8 MARVAC, MAPCO Call Off Merger Plan

8 New Chassis Maker Offers Class A Rail

9 National RV Debuts Low-end '90 Class A

9 RVIA Market Program Shifts Gears

9 Diesel-Engine Trucks Gain Popularity

10 Glaval Sees 100% Growth For 1989

10 Kwikee Buys Line of Metal Products

10 TRVA Drops '89 Vendorama

11 Pleated Shades Dominate Van Window Coverings

RVIA, Detroit Automakers Meet to Discuss Impact of New Van-Seating Regulation

RVIA officials have begun what they characterize as a series of "top priority" meetings with representatives of Ford Motor Co., General Motors (GM) Corp. and Chrysler Corp. to discuss new National Highway Traffic Safety Administration (NHTSA) regulations regarding van seating.

At issue is a proposed change under Federal Motor Vehicle Safety Standard (FMVSS) 208 that will require dynamic seat testing to determine the position of driver and front passenger seats and restraints, and that will also require rear lap/shoulder belts for rear seats in van conversions built after Sept. 1, 1991.

According to RVIA officials, the new regulation presents two problems for van converters: difficulty in complying with the complex and costly testing requirements, and basic seating changes likely to result in loss of design flexibility and production of less-desirable conversions.

"What it all boils down to," said Jerome C. Loftus, general counsel for RVIA, "is that if van converters lose the flexibility they have now and are forced to take a standard seat supplied by the chassis maker, it will destroy the van-conversion industry. Not only will it severely compromise the design versatility now enjoyed by the van industry, it will simply destroy the seating manufacturers."

RVIA has had preliminary discussions with all van-chassis manufacturers, but the first substantive talks on the issue began in a June meeting with Chrysler representatives, who have indi-

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Appraisals may start with pricing guides, but dealers agree that knowledge of market trends, systematic inspection, accurate assessment of repair needs, and hard-earned dealer experience play even more key roles in profitable used-unit assessment.

Financing Used 30

With demand for used RVs running high and new-unit sales soft, dealers may sometimes find it a financial stretch to carry adequate used inventory. Dealers and spokesmen for financial firms explore the pros and cons of floorplanning used units.

RVB's South Bend Roundup 75

This roundup of information is aimed at helping everyone "Saddle Up for South Bend," the theme of this year's Midwest Manufactured-Housing & RV Show. Included are exhibitor listings, floorplans, a calendar of events and a quick scouting of local restaurants.

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MAY WAS NOT 'THAT BAD'

GAYLORD MAXWELL

A first glance at RVB's Dealer Advisory Board's figures for May suggested that it was a poor month for RV dealers. But a more careful analysis revealed that, although it wasn't a boomer, it really wasn't all that bad. Business was so good in May 1988 that comparisons of monthly figures for both years revealed a lot of minuses, which made the picture look worse than it really was. The fact was that the percentage differences were quite small. May of '89 was very much a repeat of '88.

Year-to-date, the same situation existed – lots of minuses. Again, however, the differences weren't great. In terms of dollars for the DAB as a whole, there was a difference of only one-tenth of a percent. Individually, 14 DAB members reported they were down in dollar volume; nine were up. New units were off only 4% for the group, and used were down 5%.

It should be noted that three new-unit categories were up for the month and that all three were towables. Only two categories of used were up, and again both were towables.

Profits on new units tended to be a bit weaker than normal, although they were still more often than not rated in the "good" category. Used units slid a bit – from good or excellent to good or fair. Service-and-accessory profits slipped a bit also. Grosses were considered generally good, but bottom lines definitely weakened for many of our DAB members.

New-unit inventories were still toward the high side, but they were down from the previous two months. Used inventories were varied, but they tended to be more on the low side. Traffic was average to low, as was the percentage of new buyers.

A problem for many dealers is that they expect every year to be better than the preceding year. They forecast and budget to be "up" and when they don't get the expected increases, they have problems with inventory and profits. The moral of this story should be obvious.

Motorhomes

There's no doubt about it – motorhome sales were off in May. Ten members of our DAB were down in new-unit sales for the month; six were up. Used sales were much better.

Year-to-date, the picture was better. New-unit sales weren't too far behind those for last year – down only 4%. Used units were still moving well and were close behind May 1988's figure.

Undoubtedly, the greatest problem with motorhome sales is that they have weakened more each month. Making decent grosses will be the problem in the months to come.

Travel Trailers

May was a 50-50 month for trailer dealers; the ups and the downs were about equally divided. A few more new units were sold this May than last, putting this category in the plus column for a change. Profit ratings were generally good, with three members of the board declaring them excellent. Used units didn't fare quite so well.

Year-to-date, trailers were still slightly in the minus column in new, and down a bit more in used.

After two months of being down for the DAB, the May increase was a welcome sign. Since all towables were up for the month, perhaps we're seeing the beginning of a renewed growth for that type.

Truck Campers

Only one of the camper dealers on the DAB managed to match last May's new-unit sales figures. Both of our specialists fell short. There's no accounting for the apparently weakened market this year. Profits were rated good-to-excellent for the new units that were sold. Used units were in short supply, according to one of our DAB experts.

Year-to-date, the picture was a little better, but it still wasn't as good as it could be.

If there's a larger market for truck campers, dealers have not been successful in finding it.

Folding Camping Trailers

According to our DAB, this RV type has at least been holding its own this year. Dealers on our board were about equally divided between the ups and the downs. Most of the larger ones were down a bit from last year. Our figures were somewhat misleading because of the discount purchase and subsequent very successful sale of nearly a hundred units by one of our members who normally doesn't sell folddowns. Profits received rather mixed ratings, ranging from excellent to poor.

It looks like the year will be so-so for this category.

Fifth-wheels

After sluggish sales for the previous three months, fivers finally surged into the plus column. Most DAB members who han-

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	MAY 1989	MAY 1988	% CHANGE	1989	1988	% CHANGE	MAY 1989	MAY 1988	% CHANGE	1989	1988	% CHANGE
MOTORHOMES	147	173	−15	746	790	− 6	147	151	− 3	709	718	− 1
TRAVEL TRAILERS	131	122	+ 7	535	550	− 3	113	123	− 8	497	555	−10
TRUCK CAMPERS	28	38	−26	111	131	−15	12	17	−29	68	94	−28
CAMPING TRAILERS	123	115	+ 7	562	533	+ 5	56	48	+17	174	169	+ 3
FIFTH-WHEELS	53	43	+23	205	183	+12	28	21	+33	106	104	+ 2

	FOR MONTH			YEAR-TO-DATE		
	MAY 1989	MAY 1988	% CHANGE	1989	1988	% CHANGE
SALES VOLUME	$15,199,845	$15,746,387	− 3	$67,985,778	$68,078,048	< −1%
TOTAL UNIT SALES	838	876	− 4	3,713	3,826	−3
NEW-UNIT SALES	482	501	− 4	2,159	2,187	−1
USED-UNIT SALES	356	375	− 5	1,554	1,639	−5

DAB PERSPECTIVE *continued*

dle fifth-wheel units were running about even compared with last year. A couple of them had some rather impressive unit totals for the year-to-date, although most of our members who stock this type had sold fewer than 10 units by May. Profits were rated generally good.

Perhaps the older, conservative buyers have reconciled themselves to higher gas prices by now and will be in the marketplace this fall. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dasson,** Victor, N.Y.; **Crosby Ferrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Dave Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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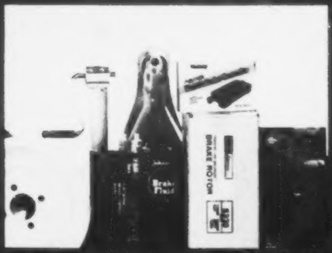

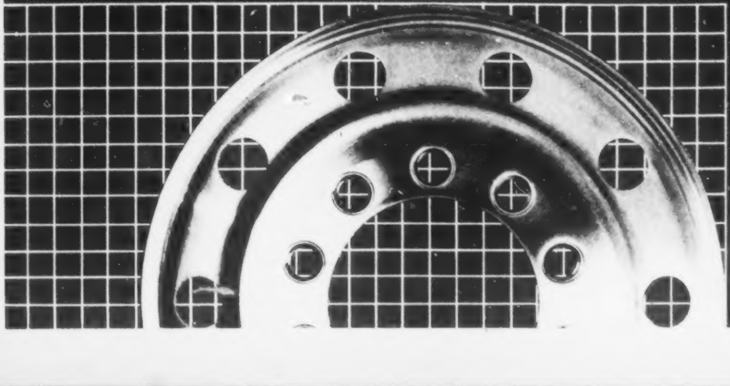

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RV BUS

AUGUST 21, 1989

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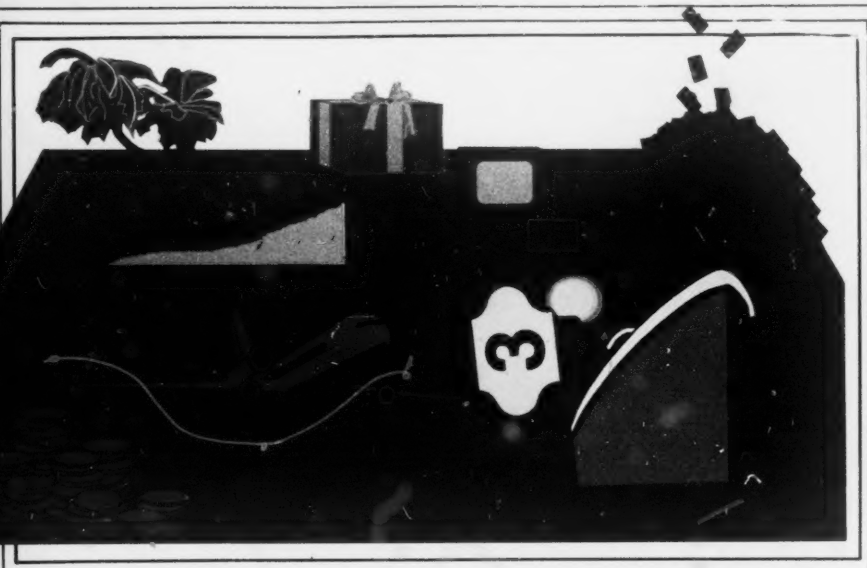

INCENTIVES TO SUCCESS: Dealers outline some innovative employee-incentive plans designed to encourage sales and service staff to do their best for themselves and their companies. See page 23.

RV Industry Faces Legislation Landslide; Dealer Buy-back Laws Get Top Priority

The RV industry has been beseiged by an "overwhelming and unprecedented" volume of legislative issues this summer, including a spate of controversial "dealer-closing laws" that have been introduced in a number of states, according to RVIA officials. *(See accompanying story, "Many State Issues Face RV Industry," on page 12.)*

RVIA considers some of the new dealer-closing laws, which deal with the termination of business between manufacturers and dealers, as too "lopsided" in favor of dealers' interests to be workable for either party over the long haul.

RVDA Executive Vice President Bob Strawn added, "I think that this is another case where the manufacturers and dealers have a lot at stake and a lot in common. We need to get across the table from each other and come to terms in private rather than in the hearing rooms of some state capitol."

The debate continues on a state-by-state basis, with the focus on Texas, which has a newly amended law already in place, and on Wisconsin, where a controversial bill is currently working its way through the state legislature.

In Texas, a motor-vehicle manufacturer terminating a dealership is now required to pay "dealer cost" for all unsold vehicles of current or prior-model-year vintage. The OEM also must buy back current parts and pay "fair market value" for signs, special tools and equipment. The RV maker further has to pay to have everything shipped back to his facilities. Manufacturers failing to do so are liable for all those costs – plus interest – subject to a hearing by a Texas Motor Vehicle Commission (TMVC) examiner, according to Henri Tenbrink, assistant director of enforcement for TMVC.

Even more "notorious," in RVIA's opinion, is the proposed Wisconsin law, which is a modification of existing statutes. Introduced by a Milwaukee Democrat, and backed by motorcycle and automotive dealers, the bill originally required that manufacturers buy back a dealer's inventory upon termination – for any reason – at 110% of what the dealer paid for inventory.

While an amended version of that bill no longer includes the 110% buy-back clause, the Wisconsin bill is still a strong one: The current draft, due for reintroduction this fall, calls for a manufacturer to buy back current inventory at dealer cost and to refund any destination or delivery/distribution charges, including taxes. In addition to provisions for tools, parts and signage, it proposes that manu-

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7 Detroit Van Suppliers Offer Rebate Programs

7 LaSalle-Deitch Buys Riblet Distribution Div.

7 Damon to Buy Hornet Industries

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13 TV Show Spotlights RV Ownership

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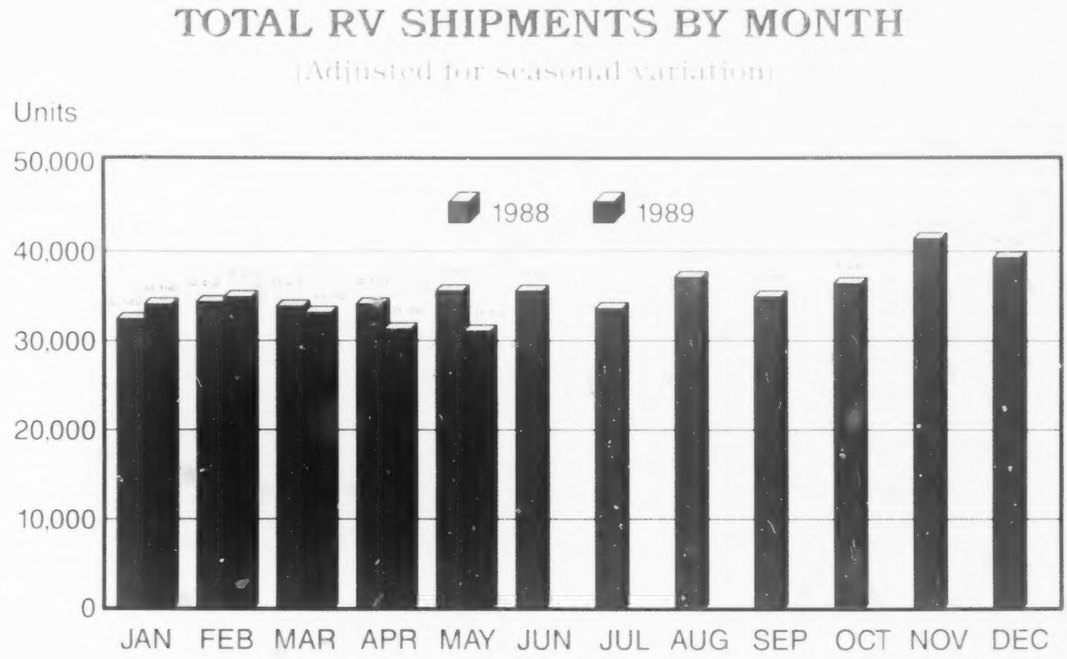
HAS THE SHIPMENTS' STORM PASSED?

MORTON J. MARCUS



For the year-to-date, total shipments were 165,040, down 5,780 units or 3.4% from the same period in 1988.

Figure 1

The trouble many people have with the news is that it comes too late; they never know what is really going on.

As they read about last week in their favorite news magazines, they feel as if they are holding the first draft of history. When they scan headlines in the morning newspapers, they realize they are gathering nuts that fell from the tree yesterday. The network evening news is composed of events that are going stale as the film rolls past. Even the 24-hour cable news serves morsels of antiquity.

As a society, we are becoming obsessed with *now*. *Real* time is a favorite catch phrase. Today, stock market quotations and racetrack results are offered for the touts (brokers) and marks (investors) in real time. But, from what I have seen, few are able to use the data so breathlessly delivered in a wise or effective manner. If data is to be useful, it must be understood within a historical context—only then does it become *information*.

In these monthly articles concerning RV shipments, we try to provide information. This is done by adjusting data for normal seasonal variations. In addition, we attempt to place the most recent events in a historical perspective.

In the Near Term

Total shipments in May, adjusted for seasonality, fell for the third consecutive month from the preceding month. In addition, this was also the third month in a row that trailed the same month a year ago. *(See Figure 1.)* With 165,000 units shipped between January and May, total shipments were running nearly 5,800 units (3.4%) behind the first five months of 1988.

Was the shipment situation getting better, or was it getting worse in May? The numbers represented in Figure 1 do not provide a clear answer. Let's take that 5,800-unit difference; that is how many units the industry was running behind '88 for the year-to-date. Since May 1989 shipments totaled 31,150 and May of a year earlier recorded 35,680 units, for a difference of 4,530 units, more than three-quarters of the year-to-date shortfall occurred in May alone.

In fact, the year-to-year comparisons for each month have been building an ominous, negative momentum. Consider this sad trend in comparing each month's ship-

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

MARKET SHARE BY TYPE OF UNIT
(Year to date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.81	14.17
Park Models	2.00	1.93
Fifth-wheels	7.62	7.68
Folding Camping Trailers	8.44	10.22
Truck Campers	2.53	2.55
TOTAL TOWABLES	34.40	36.55
Motorhomes:		
Class A	9.64	9.85
Class B Van Campers	1.26	1.21
Class C:		
Minis	5.08	5.06
Low Profiles	0.46	0.49
Micro-minis	0.67	0.58
TOTAL MOTORHOMES	17.11	17.19
Multiuse Van Conversions	48.48	46.26

Percentages may not add to total because of rounding.

Figure 2

INDEX OF CUMULATIVE RV SHIPMENTS
January-May 1986 = 100

	1986	1987	1988	1989
TOTAL RVS	100.00	103.23	108.18	104.52
Travel Trailers				
Conventional	100.00	109.71	106.72	100.45
Park Models	100.00	84.67	103.61	103.97
Fifth-wheels	100.00	109.99	137.15	131.55
Folding Camping Trailers	100.00	109.07	116.45	92.90
Truck Camper	100.00	146.11	153.94	147.64
TOTAL TOWABLE	100.00	110.02	117.25	106.63
Motorhomes				
Class A	100.00	119.14	128.07	121.16
Class B Van Campers	100.00	107.86	84.34	84.71
Class C				
C Minis	100.00	110.53	115.61	112.15
C Low Profiles	100.00	84.50	61.33	55.72
C Micro-minis	100.00	101.53	52.55	58.30
TOTAL MOTORHOMES	100.00	112.58	111.56	107.30
Multiuse Van Conversions	100.00	95.47	100.88	102.16

Figure 3

ment total in 1989 with the same month of last year:

January	+ 1,650
February	+ 570
March	690
April	2,790
May	4,530

From these data, a grim forecast could be generated. Why, by November, if the April-to-May trend continues, the industry will be running more than 51,000 units behind the same month of 1988. This means that nearly 10,000 units would have to be shipped back to manufacturers in that month alone — which would be the only way we could get negative shipments.

But such trends are statistical fun, not serious guidelines. Comparisons with the same month a year earlier may be instructive but are easily overdone. A more productive comparison would seem to be the month-to-month changes, contrasting the April to May changes with previous month-to-month changes:

December 1988	2,160
January 1989	5,160
February '89	+ 830
March '89	1,740
April '89	1,890
May '89	240

The above comparisons cause May to be seen in a very different light. The April-to-May decline of 240 units was the smallest decline in a pattern started last December. The contribution of May to the year's deficit was thus just 240 out of the 5,780 units under discussion. *(See Figure 4.)* Hence, May accounted for only 4% of the decline experienced to date this year.

From this angle, one could suggest that the strongest declines may be behind us and that the worst of the storm is over.

Where Do the Problems Lie?

Last month in this space, we noted that the difficulties of the industry were fairly well concentrated in a single type of unit: the folding camping trailer.

Down by more than 3,500 units in the month of May, these units were off by over 20% from a year ago at this time. And if we consider the up and the down volumes in *Figure 4*, it becomes evident that folding camping trailers were the major issue in May. Except for the slight gain made by park models, all towables were down, but 62% of that decline was due to the drop in folding camping trailers.

In the motorhome group, Class A units accounted for 81% of that group's decline for the year-to-date. But the decline in motorhomes was virtually offset by the growth of van conversions. For May, that offset was exactly 300 units.

The same story is seen in the market-

continued on page 43

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE OF UNITS	MAY 1989	PERCENT CHANGE FROM APR 1989	YEAR-TO-DATE 1989	YEAR-TO-DATE 1988	PERCENT CHANGE
Total RVs	31,150	-0.8	165,040	170,820	-3.4
Travel Trailers:					
Conventional	4,390	-4.7	22,780	24,210	-5.9
Park Models	620	-3.0	3,300	3,290	0.4
Fifth-wheels	2,350	2.5	12,580	13,120	-4.1
Folding Camping Trailers	2,220	-10.7	13,930	17,470	-20.2
Truck Campers	910	28.3	4,180	4,360	-4.1
Motorhomes:					
Class A	2,970	-4.9	15,920	16,820	-5.4
Class B Van Campers	490	53.8	2,070	2,060	0.4
Class C:					
-Minis	1,410	-14.9	8,390	8,650	-3.0
-Low Profiles	130	-39.0	760	830	-9.1
-Micro-minis	230	7.0	1,110	1,000	10.9
Multiuse Van Conversions	15,440	2.0	80,010	79,010	1.3

Note: Data rounded to nearest 10 units.

Figure 4

APRIL CONTINUES SALES DECLINE

THOMAS WALWORTH

ALL RV-TRAILER SALES BY REGION
APRIL 1989 YEAR-TO-DATE
ALL MOTORHOME SALES BY REGION
APRIL 1989 YEAR-TO-DATE
TOTAL UNITS SOLD
3,500 to 5,500
2,500 to 3,500
2,000 to 2,500
1,000 to 2,000
0 to 1,000

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

The RV-trailer and motorhome markets continued their downward movement in April. RV-trailer sales were off 17.8%, or down by 2,504 units, from April of last year, while motorhome registrations were down by 13.1%, or 783 units, compared with the same month last year.

Motorhomes had been experiencing this type of decline for the previous few months, and the RV-trailer market had its largest decline of the year in April. As a result, for the year-to-date, RV-trailer sales were down 8.1% compared with the first four months of 1988, and motorhome sales were 9.5% behind last year's pace.

As shown in Figure 1, the RV-trailer market had some rather dramatic movement in the different regions in April, when compared with April of last year. In terms of percentage change in sales from April 1988, the Northeast market was the hardest hit. In the leading South Atlantic region, Delaware had the best gain. In the trailing Northeast, Massachusetts had the largest decline compared with April of last year.

For the year-to-date, the RV-trailer market's regional pattern was similar. The Northeast market dropped into last place, while the South Atlantic and Mountain regions reported some improvement in their relative rankings. The South Central area led the other seven regions with the smallest percentage decline compared with the first four months of 1988, as seen in Figure 2. Louisiana had the best sales experience of that region's states. In the bottom-ranked Northeast, Massachusetts had the largest percentage decline from 1988.

The regional motorhome markets in April had the only positive sales change, as the South Central market jumped from a last-place ranking in March to No. 1 in April. Figure 3 details the April ranking of regions by the percent change in sales from April 1988. In the South Central region, Mississippi recorded the largest percentage gain. In the lagging Pacific region, Alaska had the largest decline.

For the year-to-date, the regional motorhome markets showed more stability than the RV-trailer markets in terms of rankings based on change in sales from last

continued on page 32

RV-TRAILER MARKET

Apr. '89 Rank	Region	% of Change From Apr. '88	Mar. '89 Rank
1	S. Atlantic	–9.27	3
2	Mountain	–9.68	6
3	W.N. Central	–11.60	7
4	S. Central	–18.80	1
5	Pacific	–19.10	2
6	E.N. Central	–19.60	4
7	Northeast	–24.80	5

Figure 1

RV-TRAILER MARKET

Apr. '89 Rank	Region	% of Change Year-to-Date	Mar. '89 Rank
1	S. Central	–1.10	1
2	S. Atlantic	–6.19	5
3	Mountain	–6.86	6
4	E.N. Central	–9.40	3
5	Pacific	–9.61	4
6	W.N. Central	–9.65	7
7	Northeast	–11.66	2

Figure 2

MOTORHOME MARKET

Apr. '89 Rank	Region	% of Change From Apr. '88	Mar. '89 Rank
1	S. Central	1.79	7
2	Mountain	–3.00	5
3	S. Atlantic	–9.68	6
4	Northeast	–10.80	3
5	W.N. Central	–15.70	1
6	E.N. Central	–15.80	2
7	Pacific	–20.20	4

Figure 3

MOTORHOME MARKET

Apr. '89 Rank	Region	% of Change Year-to-Date	Mar. '89 Rank
1	W.N. Central	–2.10	1
2	Mountain	–3.25	4
3	E.N. Central	–4.96	2
4	Northeast	–4.70	3
5	S. Central	–6.40	5
6	S. Atlantic	–11.10	6
7	Pacific	–15.80	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

AT RETAIL *from page 19*

year. As seen in Figure 4, the major shift was that the Mountain region moved from fourth place in March to second place in April. The West North Central region continued to lead, with Kansas having the largest percentage gain in sales. The Pacific region again trailed the pack, with California recording the largest decline.

April's down market for both trailers and motorhomes was not good news for the industry, and it was obvious that the soft retail market caused decreased shipments' volume as dealers worked down their inventories. The soft retail sales could be traced to a number of negative factors affecting consumers, including the jump in interest rates on consumer loans, uncertainty about gas prices, sticker shock and poor weather that kept buyers out of the marketplace. However, if consumers see some stability in these variables, the motorhome and RV-trailer industries may still experience a reversal of the downward trend of the first four months. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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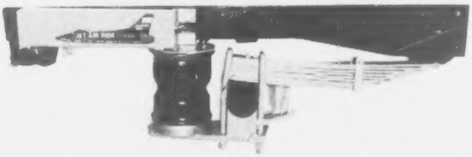

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INCENTIVES *continued*

draw two months in a row, they normally are not working for us."

At Saddleback RV, employees who come in late to a sales meeting are penalized in the sales contest. "It costs them the equivalent of a sale," Sebastian says.

Florida's Swanston takes a little gentler approach by first privately discussing performance problems with sales staff. "They are told what they have done wrong. Then they are written up and asked to sign it," says Swanston. "If they have an objection, they can write it when they sign."

Swanston adds that the service department has its own way of punishing offenders. "Say somebody is continually leaving tools out," she says. "They will set a fine for something left out. The fine goes into a kitty to be used for something for that department." Similarly, Ohio's Greer punishes careless service personnel by charging them for unreturned tools.

At Minnesota RV, reprimand is even tougher: If there is a comeback on service work, the service employee is docked for it.

An Eye on the Bottom Line

Though dealers agree on the effectiveness of incentives, they offer some cautions, too.

"Incentives have to be obtainable," advises Johnson of Minnesota RV. "They can't be devastating to the bottom line. The key is to decide ahead of time where you want to be and how much it's going to cost you. If you're going to have $1,000 worth of bonuses, you should be able to generate at least $1,500 to $2,000 (profit) – either on labor or sales."

Sebastian at Saddleback RV adds, "All these incentives are nice until they become expected or automatic." That's why Saddleback changes its sales contest every month from one side of the lot to the other to reward employee effort, rather than actual sales alone.

Despite those cautions, dealers who have tried major incentive programs tend to swear by them. Greer stresses, "In this age that we're in, with employees – particularly those who are well-trained – in shorter supply, we all invest a lot of money in hiring and training people before they ever become productive. Once you have people who are productive, it pays to keep them interested and employed, rather than have them go down the street to your competitors."

Or, as Sebastian sums up, "The only thing that separates us from the rest of our competition is the people. So I like to do as much as I can for employees, because I believe they're the most important component we have." Δ

RV BUSINESS

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SEPTEMBER 4, 1989

Seminar Aims At Foreign RV Market

Sizable new markets await American RV manufacturers and component suppliers patient enough to invest the time and money it takes to cultivate discriminating foreign buyers.

That's the message clearly broadcast to RV industry representatives at a June 26 export seminar. The Indiana Recreation Vehicle Industry Council (RVIC), which sponsored the seminar in cooperation with the Indiana Department of Commerce (IDOC), debuted a new detailed study of the foreign business prospects of Indiana companies, which account for about 40% of industry sales, and of the industry at large.

A panel of trade experts also was brought in for the Elkhart, Ind., seminar, which was held on the doorstep of the 35th Annual Midwest Manufactured Housing & RV Show, co-sponsored by RVIC and slated for Aug. 8-12 in South Bend, Ind. The South Bend Show has been newly dedicated as an international event.

The study, a manual full of foreign contacts and how-to advice was compiled by a research staff overseen by Kelly Trimble, IDOC international trade specialist. The study promotes the globalization of the RV industry in an era when market barriers are dropping, and leisure expenditures are growing in an array of developed and relatively affluent countries.

Similarly, all the seminar speakers reiterated a now-familiar theme: New markets will open up as a result of the 1992 unification of the European Common Market, the U.S. Canadian Free Trade Agree-

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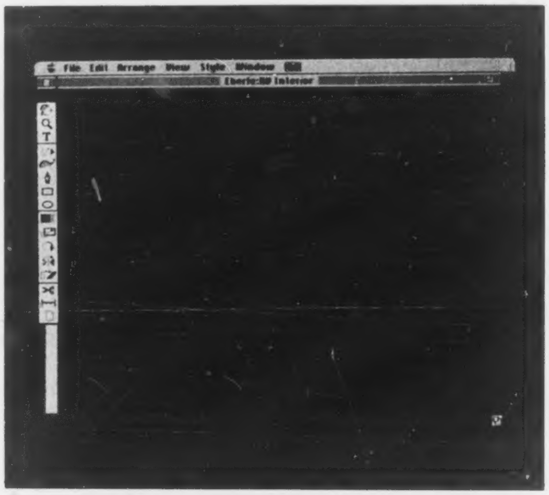

PERSPECTIVE ON INTERIOR DESIGN: An interior-design expert explains why long-term RV industry success requires going beyond the traditional interior-design approach. See page 18.

Industry Reports Improved Retail Sales in Late Summer

Many RV dealers and manufacturers claimed by late summer to be witnessing a stabilization of retail sales, which would amount to good news for the RV industry since it won't be chalking up many new-unit sales records in 1989.

But no one was striking up the band for a rendition of "Happy Days Are Here Again," either. At presstime, the retail "uptick" did not seem to amount yet to a full-fledged "turnaround."

Still, consider these positive reports from a variety of manufacturers and dealers:

- Kelly Cummins, assistant vice president of sales for the Coachmen Recreational Vehicle Co., Middlebury, Ind., attended four retail shows in July. All of them, in his view, were successful. "Absolutely," said Cummins. "The general consensus among the dealers was that, since the Fourth of July, there had been a general uptick from the previous 90 days, when it was soft. If anything is soft, it's the large Class A's."
- Giant Weir RV & Marine, a Raynham, Mass., dealership, first saw a change in the wind in early July. Much of the recent demand, according to General Sales Manager Art Laclair, is for quality used equipment. But, new or used, it's all the same for Laclair and crew as long as they are selling and garnering decent profit margins. That's why Giant Weir has started advertising a used-vehicle brokerage program to build up inventories.
- Joe Ganahl, marketing manager for Teton Homes, a Mill, Wyo., towable manufacturer that introduced its 1990 equipment in mid-July, has "very definitely" seen an improvement in demand, too. Ganahl said, "We're about six weeks out on production right now. In June, it was more like four weeks."

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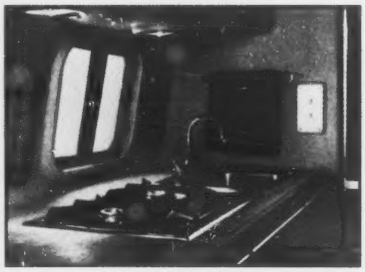

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COVER GRAPHICS: BOB SIMON

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DAB PERSPECTIVE

SLOWDOWN CONTINUES IN JUNE

GAYLORD MAXWELL

June saw a continuation of the downtrend that has been quite evident for several months. Well over half of RVB's Dealer Advisory Board (DAB) members were off last year's pace – some drastically. But, on the bright side, 40% of the DAB dealers were up. One large member-dealership with more than 25 years of experience under its belt reported "the best month ever." It's apparent that the picture wasn't clearly black or white.

In terms of dollars taken in, the DAB was down slightly (4%) for the month. Fourteen dealers slipped; nine went up. New units were off 13%; used units were less than half of that. Four of the five RV types were off last year's pace in new units (only fifth-wheels stayed in the plus column). The picture was somewhat brighter in used – three categories were up.

In terms of profits, things weren't all that bad. Although they definitely had weakened, grosses on new units were reported as being generally fair to good. Used grosses were rated generally good. As might be expected at this time of year, the service-and-accessory business was generally good to excellent. Bottom lines were rated generally fair to good. A few members rated them excellent, while two said that they were poor.

Year-to-date, considering that last year was quite a good year, the dollar picture wasn't bad – down only 1% from '88. Individually, 13 DAB members had taken in fewer dollars than they did last year, and 10 were up. Generally, the big guys were doing the best. Of the largest six on the DAB, five were up. In terms of units, camping trailers and fifth-wheels were still up in the new-unit columns (the former barely). And, in used units, only motorhomes were barely hanging in the plus column (by 1%).

New inventories were running around average for this time of the year, reported most DAB members. Used units were somewhat scarce, with ratings between low and average.

Motorhomes

Motorhome dealers weren't having an easy time of it. For various reasons, primarily gas prices and interest rates coupled with sticker shock, buyers were skittish and tough. As always is the case during hard times, some dealers settled for very small grosses. Smart buyers knew that, and they were driving hard bargains; smart dealers knew they couldn't stay in business on skinny deals and turned them down.

Eleven of the 18 DAB members who sell motorhomes were down in new-unit sales for the month. The big guys were about evenly divided between ups and downs, but the smaller dealerships fared less well. Grosses were rated generally fair to good. Used sales were the best of all types for the month – up 1%!

Year-to-date, new-unit sales ran 8% behind, while used units were one point ahead. That probably will be the picture for the second half.

Travel Trailers

After a slight spurt into the plus column last month for our DAB members who sell this RV type, sales of new units skidded in June a substantial 20%. Thirteen of our members were down; five were up, while one was the same as last June. One old-time, very successful dealer reported that he hadn't sold a new trailer for 45 days! Used sales were somewhat better – about the same as last year.

Year-to-date, the picture was somewhat brighter. Both new and used sales were off for the year, but not too badly.

Profits were rated mostly fair for the month, although five reported they were good, and three considered them to be excellent.

Small-trailer sales went well with young people; the problem seemed to be prices and tow rigs. It could also very well be that sales of large units to snowbirds suffered because of their prices in relation to alternatives – park models and mobile homes. Both of these influences could become more apparent in the future.

Truck Campers

The sale of one more new unit by one of our DAB members would have made a tie with last June. Business definitely picked

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	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JUNE 1989	JUNE 1988	% CHANGE	1989	1988	% CHANGE	JUNE 1989	JUNE 1988	% CHANGE	1989	1988	% CHANGE
MOTORHOMES	162	200	−19	902	980	− 8	162	160	+ 1	871	865	+ 1
TRAVEL TRAILERS	128	160	−20	663	716	− 7	125	124	< +1	622	676	− 8
TRUCK CAMPERS	32	33	− 3	142	163	−13	20	11	+82	86	102	−16
CAMPING TRAILERS	135	140	− 4	690	672	+ 3	37	57	−35	201	225	−11
FIFTH-WHEELS	45	43	+ 5	250	223	+12	19	30	−37	125	134	− 7

	FOR MONTH			YEAR-TO-DATE		
	JUNE 1989	JUNE 1988	% CHANGE	1989	1988	% CHANGE
SALES VOLUME	$15,808,979	$16,498,084	− 4	$83,790,517	$84,790,712	−1
TOTAL UNIT SALES	865	961	−10	4,677	4,751	−2
NEW-UNIT SALES	502	576	−13	2,647	2,748	−4
USED-UNIT SALES	363	385	− 6	2,030	2,003	−1

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dassen,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Morse,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Dave Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RV BUS[illegible]

SEPTEMBER 18, 1989

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Midwest Show Has Strong New-Model S[illegible]ing

A strong showing of new 1990-model recreational vehicles helped bolster the 35th Annual Midwest Manufactured Housing & Recreational Vehicle Show, the season's first key RV-industry trade event. But the array of new products did little to quell rampant speculation by regional media regarding the Midwest Show's future dates and locations.

Convincing manufacturers to bring new models to the show, instead of delaying new-unit unveilings until later in the fall, was a pivotal goal in this year's efforts by the sponsoring Indiana Manufactured Housing Association/Recreation Vehicle Indiana Council (IMHA/RVIC) to keep the show viable for Midwestern RV dealers and exhibitors. A total of 83 RV manufacturers, 278 RV suppliers and 12 manufactured-housing makers exhibited at the South Bend Show this year.

"Many of our manufacturers believe in the South Bend Show, and we were concerned about comments at previous shows that there was a limited amount of new product," commented Ron Breymier, executive vice president of IMHA/RVIC. "Our show committee worked with manufacturers to make sure we had a good mix of new product. And this is something that we'll continue to work on in future shows." *(See companion story, "RV Makers Follow Lead of Fleetwood's Flair," on page 9.)*

However, exhibitors' square footage was "down slightly" from 1988 due to the absence of two larger manufacturers, both of which opted for private showings to dealers.

Paid public-attendance figures for the three retail days of the show, held Aug. 8-13 at the University of Notre Dame's Athletic & Convocation Center in South Bend, Ind., totaled 13,705 – about 2,000 more than in 1988.

In addition to the increase in new product on display, Breymier said major exhibitors also seemed to appreciate the new location of registration booths, which were moved outside for immediate ac[illegible] outdoor exhibits. And, he added, dealers reported that they liked the new exterior layout, which more clearly separated manufactured-housing and RV traffic flows.

Despite those successes, Breymier, whose organization also hosted a number of foreign-trade representatives at the show, reiterated that IMHA/RVIC is open to any change that is designed to improve attendance—including moving the RV show to a later date, such as early September, or to another location, such as Indianapolis, Ind.

Responding to South Bend-area media reports that IMHA/RVIC is considering a move to Indianapolis or Fort Wayne, Ind., Breymier confirmed that the association has had "overtures" from Indianapolis. Indianapolis has proposed housing the show at the Indiana State Fairground, which is slated for a complete upgrade by 1995. However, Breymier added that a

continued on page 8

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HOMEBODIES 7
TIME 10:28
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GO RV!

THE RV MARKETING GAME PLAN: Key industry players discuss the next moves in RVIA's market-expansion drive to win a bigger share of consumers' recreational spending. See page 26.

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COVER ILLUSTRATION: JEWELL HOMAD

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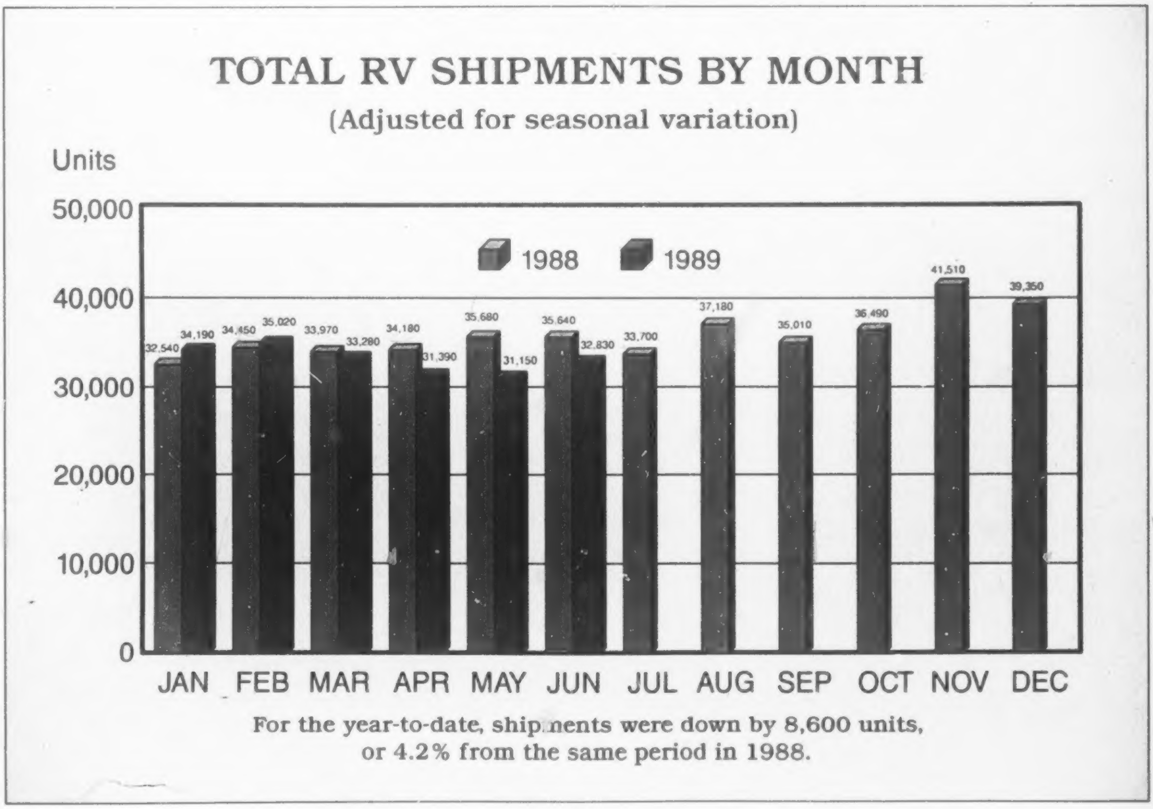
GOOD NEWS, BAD NEWS IN JUNE SHIPMENTS

MORTON J. MARCUS



TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)

For the year-to-date, shipments were down by 8,600 units, or 4.2% from the same period in 1988.

Figure 1

Readers of this monthly column have asked why we will say that shipments are down 11% instead of reporting that shipments are 89% of their previous level. The latter statistic, these readers believe, would put a positive spin on the numbers. Such a report, they must feel, would make people happier, thereby contributing to a more optimistic attitude that would somehow benefit the industry and the economy.

This is a standard protest against the "news media." The nightly local broadcast should say that "five apartments were saved by the fire department," rather than "34 units were destroyed in a northside blaze." Or, the national report should stress that "95% of all financial institutions are solvent" and that "no hostages were taken today; 250 million Americans were spared." And, why not let people know that "there are clear skies over most of the nation," rather than describe how tornadoes cut a path of death from Texas to Illinois?

We must remember that the purpose of news is to inform us as to what is not usual and to provide us with information that we should be aware of, so that we can make our lives better. News is not designed to comfort us or provide psychological support. An insistence on "happy" news is a demand for escapism, for a trip to fantasyland rather than a tour of reality.

The real problem to which these readers point is the fact that many people today do not know how to use the news to augment their own views of the world. They sometimes fail to use a broader perspective based on personal experience, solid historical knowledge or a framework (whether

GRAPHICS: CUSTOM COLOR VISUALS

analytic, philosophic or religious) to integrate new pieces of information.

Up and Down

Total RV shipments, adjusted for seasonal variations, moved *up* by nearly 1,700 units, or 5.4%, in June compared with a month earlier. But shipments were *down* by more than 2,800 units, or 7.9%, from the same month in 1988. *(See Figure 1.)* For the year-to-date, total shipments were nearly 96% of the number shipped in the first six months of 1988, which means there was a deficit of 8,600 units (a 4.2% drop).

June recorded the first increase in total shipments since February, reversing the declining pattern of the previous three months. At the same time, June was the fourth consecutive month in which total shipments were below the corresponding month of 1988. Thus, the month of June was both an *up* month and a *down* one.

> *The growth in June was concentrated in van conversions, which advanced by 2,300 units, or nearly 15%.*

The growth in June was concentrated in van conversions, which advanced by 2,300 units, or nearly 15%. Although motorhomes declined by 300 units, and towables by 320 units, there were examples of increases within each group. *(See Figure 3.)*

All types of Class C motorhomes declined during June, with an aggregate fall of 210 units, or 12%, for the month. Class A units also declined, but Class B van campers did manage an advance of 110 units, nearly 22%.

As a group, the 33,160 motorhome units shipped this year were at 92.7% of last year's pace for the first six months, or off by nearly 2,600 units. The market share of motorhomes *(see Figure 2)* was thus down by slightly more than half a point.

Towables saw a greater decline in market share, however, dropping 2.8 points from last year's position at the same point in time. In June, conventional travel trailers were down 500 units from May, and truck campers were off by 110 units. There were gains made by park models, fifth-wheels and folding camping trailers. But, of this group of gainers, only park models were ahead of last year's shipment levels at the June midpoint. As a group, towables' total volume was down by nearly 8,800 units, more than 11%, compared with the first half of 1988.

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.48	14.24
Park Models	2.06	1.86
Fifth-wheels	7.57	7.70
Folding Camping Trailers	8.21	10.31
Truck Campers	2.51	2.57
TOTAL TOWABLES	33.84	36.67
Motorhomes:		
Class A	9.45	9.93
Class B Van Campers	1.35	1.24
Class C:		
Minis	4.88	5.12
Low Profiles	0.43	0.50
Micro-minis	0.65	0.53
TOTAL MOTORHOMES	16.76	17.32
Multiuse Van Conversions	49.41	46.01

Percentages may not add to total because of rounding.

Figure 2

Van conversions, which are seen by many in the industry as only a distant cousin of dubious parentage, continued to advance in volume and market share. In June, shipments climbed by 2,300 units to stand 2,760 units above the year-to-date level of mid-1988. These popular units once again were close to half of the entire RV market, with 49.4% of the 1989 volume to date and 54% of June's total RV shipments.

Without van conversions in the shipments total, the industry would have been down by 11,350 units, or more than 10%, from the same period last year. As noted on these pages in the past few months, 44% of that drop can be attributed to the poor performance of folding camping trailers.

A Quarterly View

With the June data, we can look back over a longer period of time for some perspective. If we go back 14 quarters and include all of the time since the first quarter of 1986, we can see just where we are. *(See Figure 4 on next page.)*

The just-completed second quarter of 1989 would fit in neatly as a substitute for the second quarter of 1986. In effect, the industry has slipped backwards by three years in terms of volume. Total volume fell below 100,000 units in the second quarter of 1989 for the first time since the spring season of 1987.

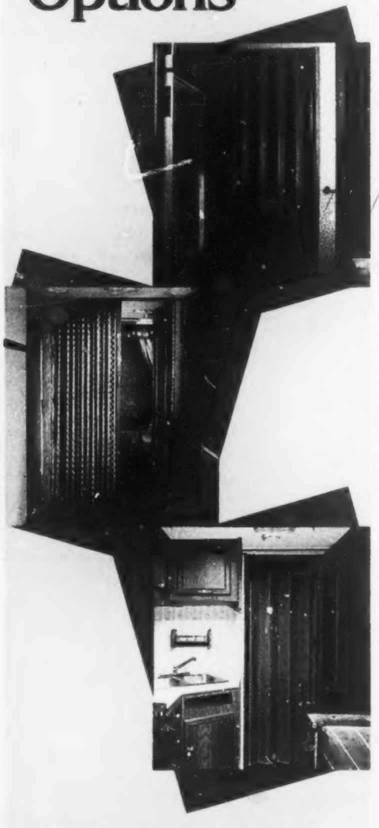
It is easy to pick out certain other facts from Figure 4: For towables, the second quarter of 1989 was the weakest quarter since the second quarter of 1986; motorhomes had not been so far down since the first quarter of 1986; van conversions had their slowest quarter since the begin-

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE OF UNITS	JUNE 1989	PERCENT CHANGE FROM MAY 1989	YEAR-TO-DATE 1989	YEAR-TO-DATE 1988	PERCENT CHANGE
Total RVs	32,830	5.4	197,860	206,460	-4.2
Travel Trailers:					
Conventional	3,890	-11.4	26,680	29,400	-9.3
Park Models	770	25.3	4,070	3,840	6.2
Fifth-wheels	2,390	1.8	14,970	15,890	-5.7
Folding Camping Trailers	2,310	4.1	16,250	21,280	-23.6
Truck Campers	790	-12.3	4,980	5,310	-6.3
Motorhomes:					
Class A	2,780	-6.4	18,690	20,500	-8.8
Class B Van Campers	590	21.7	2,670	2,570	3.9
Class C:					
-Minis	1,270	-10.0	9,660	10,560	-8.6
-Low Profiles	100	-19.3	860	1,040	-17.3
-Micro-minis	170	-23.3	1,280	1,080	18.1
Multiuse Van Conversions	17,740	14.9	97,760	95,000	2.9

Figure 3

Unlock Your Door Options



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RVIA SHIPMENTS *continued*

ning of 1988.

But there is another, equally important fact to be seen in the data of Figure 4. The RV industry continued to be remarkably *stable*. This is *not* a wildly volatile industry.

Consider towables: The range in shipments was between 30,500 and 38,000 units; the average has been 35,300, with a mere 7% average variation around that figure. Motorhomes had a more narrow range, from a low of 15,300 units to a high of 20,100, but also had the same 7% variation around their average of 17,700 units. Both of these groups have moved within very limited boundaries for the past 3½ years. Van conversions have tallied between 41,000 and 51,000 units every quarter except one (the final quarter of 1989). They have averaged 47,800 units a quarter over 14 quarters, with only a 9% variation.

These are not wild swings that cause enormous industrywide problems. No one could describe this industry as a feast-or-famine business. With proper attention to variable costs, manufacturers, suppliers, distributors and dealers should be able to reap some nice profits from these reliable RV fields. Δ

RV SHIPMENTS BY QUARTER
(Seasonally adjusted)

Year	Quarter	Total RVs (000)	Towables (000)	Motorhomes (000)	Van Conversions (000)
1986	1	95.8	32.8	15.3	47.8
	2	93.2	30.5	16.9	45.8
	3	96.2	32.4	17.5	46.4
	4	95.9	35.6	18.5	41.8
1987	1	98.8	35.8	17.9	45.1
	2	96.2	34.2	17.6	44.4
	3	104.2	37.7	20.1	46.4
	4	102.4	37.4	18.5	46.5
1988	1	101.0	37.7	17.3	45.9
	2	105.5	38.0	18.4	49.1
	3	105.9	36.6	18.3	50.9
	4	117.3	37.9	18.8	60.6
1989	1	102.5	35.6	17.5	49.4
	2	95.4	31.4	15.7	48.3
Average		100.7	35.3	17.7	47.8

Figure 4

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

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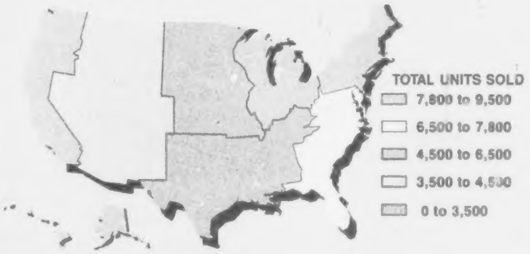
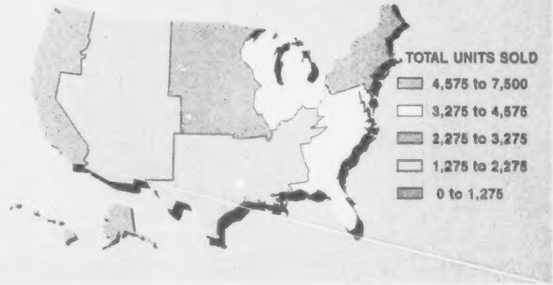
MAY SEES MARKET IMPROVEMENT

THOMAS WALWORTH

ALL RV-TRAILER SALES BY REGION MAY 1989 YEAR-TO-DATE



ALL MOTORHOME SALES BY REGION MAY 1989 YEAR-TO-DATE



East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama

In May 1989, the motorhome market outperformed the RV-trailer market both in comparison with the same month last year and on a year-to-date basis, although motorhome and RV-trailer retail sales were running behind last year's pace.

For the year-to-date, the RV-trailer market was off 9.12%, or 4,642 units, by May. Year-to-date, motorhome retail sales were down 8.5%, or 1,926 units.

Both retail markets also were down in May compared with May of last year. However, May sales of motorhomes and trailers were still an improvement on April's levels.

The RV-trailer market was down 13% for the month of May when compared with May 1988, equating to a drop of 1,893 units; however, this was an improvement over the 17.8% decline, or a 3,604-unit shortfall, experienced in April compared with the same month in 1988.

Thus, the RV-trailer market was actually improving. Figure 1 ranks the seven national regions in terms of the percent change in May sales from May of last year. In the leading South Central region, Oklahoma recorded the largest percentage gain in sales. In the trailing Northeast region Massachusetts had the largest decline.

As mentioned earlier, the RV-trailer market experienced a decline of 9.12% for the year-to-date. Although the rate of decline slowed during May, that month still contributed 1.02% to the cumulative slide from last year. There were still areas that outperformed the nationwide average, however, as shown in Figure 2, which ranks regions by the percentage change in the first five months of 1989 compared with the same period in 1988. The South Atlantic area led the ranking, with Delaware having the largest percentage gain in sales in that region. The Northeast came in last, and Massachusetts experienced the largest decline among that region's states.

Meanwhile, the motorhome market continued its improvement in May. For the month of May, motorhome retail sales were down by 7.7%, or 470 units, compared with May of last year. This was still an improvement over the record of April sales, which had been down by 13.1%, or 783 units, from the previous April. Figure 3 lists the ranking of the seven regions based on the percent of change in May sales from May of

RV-TRAILERS, MAY '89

May '89 Rank	Region	% of Change	Apr. '89 Rank
1	S. Central	1.70	4
2	Pacific	–2.83	5
3	Mountain	–6.70	2
4	S. Atlantic	–11.20	1
5	E.N. Central	–17.2	6
6	W.N. Central	–21.92	3
7	Northeast	–24.70	7

Figure 1

RV-TRAILERS, YEAR-TO-DATE

May '89 Rank	Region	% of Change	Apr. '89 Rank
1	S. Atlantic	–6.19	2
2	Mountain	–6.51	3
3	S. Central	–7.40	1
4	Pacific	–7.83	5
5	E.N. Central	–11.26	4
6	W.N. Central	–13.78	6
7	Northeast	–15.76	7

Figure 2

MOTORHOMES, MAY '89

May '89 Rank	Region	% of Change	Apr. '89 Rank
1	Northeast	0.00	4
2	Pacific	–4.71	7
3	S. Central	–5.15	1
4	E.N. Central	–6.87	6
5	Mountain	–6.87	2
6	S. Atlantic	–18.00	3
7	W.N. Central	–19.60	5

Figure 3

MOTORHOMES, YEAR-TO-DATE

May '89 Rank	Region	% of Change	Apr. '89 Rank
1	Northeast	–3.11	4
2	Mountain	–3.82	2
3	E.N. Central	–4.82	3
4	S. Central	–5.74	5
5	W.N. Central	–6.80	1
6	Pacific	–12.46	7
7	S. Atlantic	–12.60	6

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

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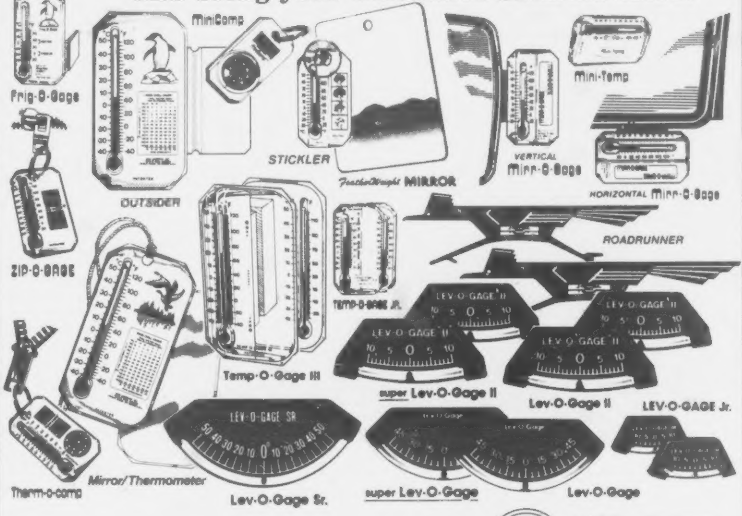
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1988. The Northeast market topped the rankings, with New Hampshire recording the largest percentage gain there. The West North Central area lagged, with North Dakota having the largest decline.

As mentioned earlier, the motorhome market was down by 8.5% for the first five months of 1989 compared with the same period in 1988. However, this performance was an improvement of 1% when compared with the year-to-date percentage change for April 1989. Figure 4 shows the seven national regions in terms of their percentage changes in retail sales year-to-date. The top-ranked Northeast region reported Maine as having the largest percentage sales gain over last year. In the bottom-ranked South Atlantic area, Virginia had the largest percent decline for the year-to-date.

From these statistics, it can be seen that, although the motorhome and RV-trailer industries were clearly behind last year's sales pace, the rate of decline was slowing and the market was starting to improve. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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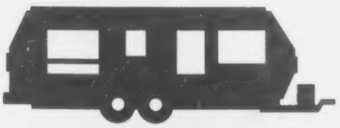

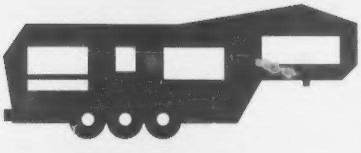

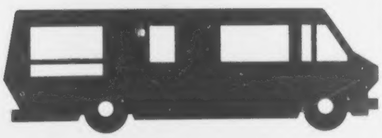

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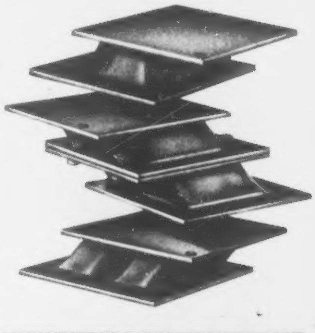

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'90 GNP FORECAST RISES

ROBERT J. EGGERT SR.

The August Blue Chip Consensus estimate of our 50 top economists for inflation-adjusted economic growth during 1989 was unchanged from the previous month's estimate of 2.6%. This remained within a tenth of a percentage point of last October's forecast – the month we use to measure the accuracy of the consensus forecasts for the year ahead.

The consensus forecast for the year-over-year gross national product (GNP) growth in 1990 advanced in August by a tenth of a percentage point to a still sluggish 1.6%. Almost half of our sample, 22 of the 50 economists, increased their 1990 growth forecasts. They cited lower interest rates and the previously announced revisions in net exports and inventories as major factors.

The fourth-quarter-over-fourth-quarter gain in GNP during 1990 also was raised to 1.9% – up from July's estimate of 1.7%. This compares with the downwardly revised Bush administration assumption of 2.6% GNP growth.

'90 Inflation Revised Downward

The consensus estimate for the year-over-year change in the 1989 GNP implicit price deflator fell two-tenths of a percentage point to 4.5%. In contrast, the estimate for the Consumer Price Index (CPI) stayed unchanged at 5.1%. Consensus estimates for both the GNP deflator and the CPI in 1990 were revised downward by a tenth of a percentage point – setting the growth rate in the deflator at 4.4% and the CPI at 4.6%.

Interest Rates Expected to Slow

The consensus view of interest rates in August suggested a further drop in short-term rates of more than one half of a percentage point by mid-1990. However, the decline in home-mortgage rates was projected to be more sluggish – off about two-tenths of a point from current levels. There was even some hint of a small upturn by the fourth quarter of 1990.

Majority Expect Recession Next Year

The shift in the economists' opinions on the timing of the next recession can be seen in the chart below. Results of three polls are given for this comparison.

It should be noted that some of the economists who had expected the recession to start in 1990 have altered their expectations to 1991, or beyond. In response to a question on how long that eventual recession would last, the average reply was identical to earlier responses: just three quarters. Also, eight out of 10 economists continued to expect that the next recession would be milder than the last recession in 1982.

Factors Likely to Affect Growth

The lagging effect of past Federal Reserve monetary restraint and the excessive debt burden (both domestic and international) were at the top of the list of factors cited as being most *unfavorable* for the economy next year. The two factors that were given as most *favorable* for economic growth in 1990 were an easing of monetary policy and lean business inventories.

In summary, a "soft landing" forecast for 1990 remains the clear-cut consensus view. However, the potential for a recession (two consecutive negative quarters) still looms large. Δ

The above article was written by Robert J. Eggert Sr., president of Eggert Economic Enterprises Inc., whose unique forecasting method derives from his monthly telephone polling of some 75 top economists. He reports what they say individually and gives a consensus of not only the current year but the year ahead as well. His address is P.O. Box 1569, Sedona, Ariz. 86336; or phone toll free, (800) 282-4883.

In What Year Will the Next Recession Begin?

Year	January Poll	May Poll	August Poll
1989	35%	21%	25%
1990	30%	47%	30%
1991	30%	19%	27%
1992 or beyond	5%	13%	18%
Number responding	54	52	44

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OCTOBER 6, 1989

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RVDA CONVENTION/EXPO: 'Success Is No Gamble' is the theme for this year's RVDA Convention and AfterMarket Expo in glittering Las Vegas, Nev. See page 54.

Industry Sees Upturn Ahead for RV Sales

Heading into the fourth quarter of 1989, there was a growing belief among many in the RV industry that a much-awaited improvement in slipping sales was imminent for the RV sector.

An array of positive national indicators, RV executives reasoned, meant that the "worst case" scenario projected by some analysts – namely, a deep recession – probably would not occur in 1989 or 1990. In fact, by the early fall, some executives and analysts already claimed to see an easing in the economic doldrums that had slowed RV sales since early spring. *(See "Fleetwood Executives Predict 1990 Sales Growth" on page 8.)*

"I think the prospects are for improvement from here on out," posited economist Morton J. Marcus, director of the Indiana Business Research Center at Indiana University, Bloomington, Ind. "The big question marks are inflation and the response of the Federal Reserve system to inflation."

"I'm fairly bullish on the rest of '89," said Tom Deane, owner of Sun-Lite Inc., a Bristol, Ind., towable maker that has been posting gains in a down market. "I don't see a recession in the next three quarters."

Still, the economic signals remain mixed, causing many industry observers to hedge their bets. Recent wholesale and retail figures, for example, did not yet indicate a positive direction for sales of more expensive recreational equipment, such as RVs and boats, which have generally paralleled each other ever since the precipitous spring drop-off in consumer demand.

RVIA's wholesale shipment figures were off 4.6% through June. And, at retail, according to the latest figures from Statistical

continued on page 8

Stag Trailer Buys Parkway

Harley-Davidson Inc. has announced that it has signed an agreement to sell Parkway Distributors, the aftermarket RV parts and accessories distribution division of its Holiday Rambler Corp. (HRC) subsidiary, to a smaller, privately held RV distributor, Stag Trailer Supply Inc. of Atlanta, Ga.

Terms of the agreement call for a cash settlement in an undisclosed amount.

In explaining the decision to sell the distribution division, H. Wayne Dahl, chief operating officer of HRC, Wakarusa, Ind., said, "For the last year, Holiday Rambler has focused its efforts on strengthening and building its core businesses: manufacturing recreational and specialized commercial vehicles. We believe that Parkway no longer fits with our strategic plan to build a stronger, more competitive Holiday Rambler."

Theodore G. Kaplan, president of Stag, added, "We are

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RV BUSINESS

VOLUME 40, NUMBER 13 OCTOBER 6, 1989 TWO DOLLARS

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COVER PHOTO: COURTESY OF BALLY'S CASINO RESORT

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Rise of the State Associations 26
As members of the RV State Executives Council, leaders of major state-RV trade associations are cooperating in efforts that may mark a turning point in state-level activism. They describe their unique contributions to promoting RV interests at the state and national level.

Regional Markets 40
Despite a trend toward increasingly homogenized products nationally, the RV industry still has some distinct regional sales patterns. A survey finds clear variations in the regional popularity of RV types, as well as some geographic differences in consumer tastes.

RVDA Convention/Expo 54
This quick look at the RVDA 1989 Convention and AfterMarket Expo in Las Vegas, Nev., includes a calendar of events and exhibitor listings.

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INDUSTRY'S SLUMP ENDS AS OUTLOOK IMPROVES FOR 1989, 1990

MORTON J. MARCUS

The industry slump of early 1989 should now be over. The first half of this year came in with nearly 198,000 units shipped, or 96% of the shipments total of the first six months of 1988. Although the remainder of 1989 is likely to show improvement, the entire year will lag behind 1988 by nearly 8%. This "deficiency" stems in large part from the bulge at the end of 1988. *(See Figure 1.)*

In this revised forecast, based on the econometric model of the United States produced at Indiana University, RV shipments improve steadily through the next six quarters to the end of 1990. This is in contrast with the stagnation, albeit at a higher shipments level, of the prior forecast *(see RVB, July 3, 1989).* In the prior forecast, we expected to see 632,600 units shipped in the 18 months from July 1989 to December 1990. Now, we anticipate that 619,900 units will be shipped in that time frame, but with continuous improvements.

The reasons for our shift in the level and pattern of 1989-90 lies in the national forces discussed below.

The Detailed Outlook

Most segments of the RV industry will end 1989 on a down note, but they can look forward to recovery in 1990. The best part is that the downward movement seems to be behind us.

Only Class B motorhomes show a positive direction for 1989 – up by 3.4%, which is only a 200-unit increase *(see Figure 2).* These van campers continue then to advance by 500 units in 1990. This is the best performing area in the entire industry, even if the volume is small.

All other segments of the market are expected to be down. Folding camping trailers take the biggest hit, with nearly a 25% decline, or a fall of 10,500 units, from 1988 levels. In 1990, these trailers are forecast to recover with a 12% increase, or a gain of nearly 4,000 units over 1989. This still leaves the fold-down total at 6,700 units, or 16%, below its 1988 level.

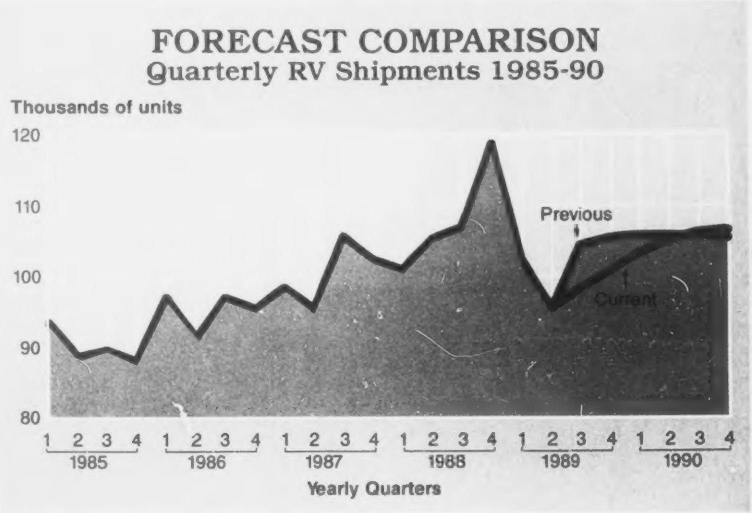

Figure 1

> *Most segments of the RV industry will end 1989 on a down note, but they can look forward to recovery in 1990. The best part is that the downward movement seems to be behind us.*

Conventional travel trailers are expected to drop by 6,700 units this year, or a 7% decline, but then to gain back 2,500 units and end 1990 off by just 4.3% from 1988.

Class A motorhomes are the only double losers in our scenario. After dropping by 5,700 units this year, they are currently forecast to decrease by an additional 2,500 units next year.

However, we need to note that this last prediction is the result of our model, which cannot take into account the special marketing efforts of manufacturers and dealers to move Class A units. A model is based on relationships of the past as evidenced in the statistics. Particular efforts to move inventories and to keep production lines humming can invalidate any forecast.

In contrast to Class A units, Class C motorhomes are expected to regain all of the losses of 1989 during the following year.

And van conversions go beyond just regaining lost volume to reach new heights in 1990. After a decline of 6,700 units (3.2%) in 1989, van conversions are projected to advance by nearly 16,000 units (an 8% increase) in 1990. As a result of their strength, van conversions emerge from the turmoil of this year and the recovery of next year in a stronger market position. Whereas, in 1988, van conversions captured just less than 45% of the total RV market, by the end of 1990, they will have a 51.3% share of all RV shipments.

GRAPHICS: CUSTOM COLOR VISUALS

QUARTERLY FORECAST

The National Scene

These swings in the RV market are caused by forces operating in the national economy, forces which seem to have already had their main effects in early 1989. Growth of the economy in 1988 came from business investments and exports. *(See Figure 3.)* There seems to be little change in that pattern for this year or the next year. But each of those sectors weakens, and, with them, there is a weakening in consumer spending and a decline in residential investment.

Growth of the gross national product (GNP) is expected to become very sluggish, slowing from 4.4% in 1988 to 2.6% this year and then falling still further to only 1.2% in 1990.

The major force in this slowdown is a continuation of relatively high interest rates. Although we have seen a moderation in the policy of the Federal Reserve Board, the prime interest rate should average 10.7% for 1989 *(see Figure 4)*, after averaging 9.3% last year.

Although the average prime rate for 1990 will be lower (at 10%), this still exerts a restrictive pressure on consumer buying. Those who might take a significant sum of money and invest in a Class A motorhome will find rates on certificates of deposit still attractive, and they may, thereby, delay such purchases. Although interest rates are important to all types of recreational vehicles, they do not have a uniform influence. Big-ticket units tend to be more sensitive to high rates than their lower-priced cousins.

Another factor of importance to RV sales is real disposable income. With the rate of unemployment expected to rise from this year's low of 5.2% back toward 6% in 1990, income will be adversely affected. In addition, the continuing pressure of inflation will depress real income levels.

Yes, inflation is still with us despite recent news stories. Fortunately for the RV industry, the big upward surge in petroleum prices is behind us. Rising gas prices are a depressing factor for the industry, although decreasing prices have little influence. Of greatest importance for RV shipments is the relative price of motor fuel. Whereas it was rising very slowly compared to general price levels in 1988 – 0.8-to-4.1 as shown in Figure 4 – 1989 has been a different story, with a depressing effect on shipments.

Next year looks far better than 1989, although not as good as 1988. Consumers are holding back on big-ticket purchases. For example, auto sales are expected to be down this year and to drop still further next year *(see Figure 5)*.

Housing starts likewise will decline, as a relatively tight monetary policy drags down that important market. This policy is needed to offset the continuing growth of the federal budget deficit with its inflationary influence.

Adding to the impact of the deficit factor are the strong advance of unit labor costs in 1990 and the looming threat of still more advance inflation. Hence the Fed cannot allow the money supply to grow with any major speed, resulting in a decline in interest rates as long as these inflationary forces are at work.

Although the money supply is expected to grow twice as fast next year as this year, the full impact will not be felt until 1991. Monetary forces do not have instant effects.

To summarize: Interest rates remain high, real incomes do not grow rapidly, and there is some improvement in the relative price of motor fuel. The net effect is an improvement in RV shipments, but no boom year ahead. Δ

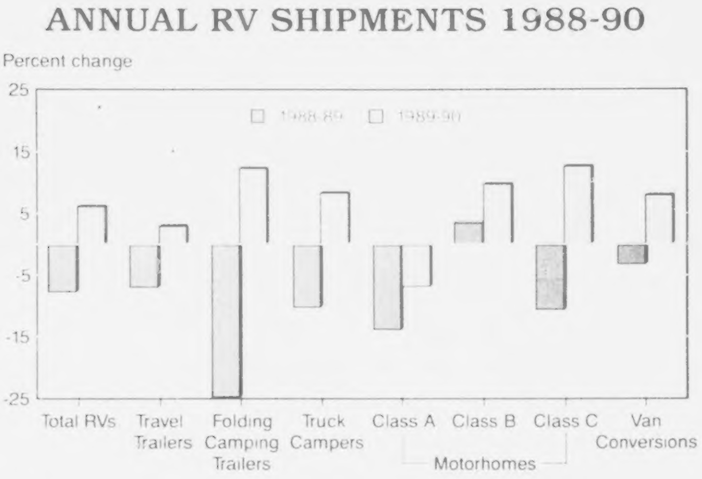

Figure 2

ANNUAL TRENDS

	1988 Revised	1989 Forecast	1990 Forecast
Unit Auto Sales (millions)	10.6	10.0	9.8
Unit Housing Starts (millions)	1.5	1.4	1.3
Federal Budget Deficit (billion $)	145.9	152.8	172.9
% Change in Compensation per Manhours	4.9	5.7	6.1
Productivity	1.8	−0.3	0.1
Unit Labor Costs	3.1	6.0	6.0

(Compensation – Productivity = Unit Labor Costs)

Figure 3

KEY FACTORS IN THE FORECAST

	1988 Revised	1989 Forecast	1990 Forecast
Prime Interest Rate (%)	9.3	10.7	10.0
Value of the Dollar (1973 = 100)	92.8	98.6	96.0
Unemployment Rate (%)	5.4	5.2	5.6
% Change at Annual Rates:			
Money Supply (M2)*	5.1	3.5	7.3
Real Disposable Personal Income	4.4	3.6	1.4
Consumer Price index	4.1	5.2	5.7
Food & Beverages	4.1	6.3	7.6
Motor-Fuel Prices	0.8	13.4	7.0

*M2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

Figure 4

ANNUAL GROWTH RATES AFTER ADJUSTMENT FOR INFLATION

	1988 Revised	1989 Forecast	1990 Forecast
Gross National Product	4.4	2.6	1.2
Consumer Spending	3.4	2.1	1.4
Business Investment	8.4	3.4	2.6
Residential Investment	− 0.3	− 4.5	− 8.0
Exports	17.6	11.2	7.1
Imports	6.8	6.0	4.3
Govt. Purchases			
Federal	− 3.2	3.3	− 0.5
State & Local	3.2	2.4	1.5

Figure 5

This forecast was specifically produced for RV Business by the Center for Econometric Model Research at Indiana University. The national forecast was prepared under the direction of Professor R. Jeffery Green, with the RV forecast developed by Vinay Kansal. The text was written and interpreted by Morton J. Marcus, director of the Indiana Business Research Center in the Indiana University School of Business.

SALES PERK UP IN JULY

GAYLORD MAXWELL

RV retail sales perked up in July. According to RVB's Dealer Advisory Board (DAB), the number of new-unit sales for the month and the amount of dollars taken in exceeded those of July 1988. Fifteen of the 23 DAB members were up in dollar sales.

Two types of new RVs were up in unit sales, as well as in three used categories. Grosses on new units were also up. Profits were rated excellent in several categories by several DAB members. Used grosses were unusually good, too. Bottom lines were rated good, and there were four excellents. Inventories seemed generally to be in good shape. In fact, almost half of the DAB members rated their new inventories low. That augurs well for fall orders of new models.

Year-to-date, dollars taken in by the DAB were only slightly behind those of 1988. Ten DAB members reported they were ahead of last year. In units, the group was trailing by only 2% in new and 4% in used.

Fortune did not smile equally on the individual members of the DAB, however. The big guys were definitely getting the largest pieces of the same-size pie as last year. Six of the eight larger dealerships (over $1 million per month) were up in dollar volume for the month, and five were up year-to-date.

Motorhomes

For the first time since January, new-unit sales of motorhomes for the month of July exceeded those of the comparable month last year. Ten DAB members were up, five down, and three the same. The 24% increase possibly reflected some pent-up demand, and increased advertising and promotion efforts by large dealerships and manufacturers.

Used-unit sales still lagged behind those of last year. Perhaps a reason for the rather severe drop in July was due to special inducements that turned buyers from used to new. Profits were generally rated good; however, a few dealers rated them excellent, and two said they were poor.

Overall, motorhome dealers on the DAB were faring badly. But with sales very close to those of last year—a very good year—and an upswing possibly under way, they might even end up ahead of '88.

Travel Trailers

Nine trailer-dealer members took it on the chin in July; eight were up, and a couple stayed the same. Some large dealerships were up in new-unit sales, but some were down, as were the smaller dealerships. In used units, the picture was different—sales were slightly up.

In terms of profits, the picture was good. More than two-thirds of the DAB members who sell trailers reported grosses as being good to excellent.

Year-to-date, both new and used units were off last year's pace. There's no indication that this fact will change.

Truck Campers

Although the percentage drop from last year was high, the general camper picture wasn't all that bad. One of the two large camper dealerships tied with last year's July new-unit figure, while the other was off by two units. Both did well in terms of profits. Used sales were good.

It was surprising that sales of this RV type had not increased considerably. Many people have pickups. However, years of sale decreases and/or stagnation can't be ignored. For whatever reasons, people weren't flocking to buy these units.

Folding Camping Trailers

Dealers of this type of unit struggled in July. Although the numbers of those who were up and those who were down were about the same, the new-unit total was down. Three of the larger dealerships of this type were well off the normal pace. Used sales were good.

Surprisingly for this time of the year, profits were rated generally good.

Although the year-to-date figure was in the plus column, the figures were misleading in that more than 10% (90) of the total of new units (793) were sold by a dealer who normally doesn't even sell fold-downs. A one-time special discount purchase and subsequent sale distorted the picture.

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JULY 1989	JULY 1988	% CHANGE	1989	1988	% CHANGE	JULY 1989	JULY 1988	% CHANGE	1989	1988	% CHANGE
MOTORHOMES	195	157	+24	1,103	1,115	−1	149	177	−16	1,016	1,072	−5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TRUCK CAMPERS	19	25	−24	161	189	−15	14	10	+40	100	112	−12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FIFTH-WHEELS	47	42	+12	297	265	+12	22	24	−8	147	158	−7

	FOR MONTH			YEAR-TO-DATE		
	JULY 1989	JULY 1988	% CHANGE	1989	1988	% CHANGE
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL UNIT SALES	864	866	<−1	5,418	5,636	−4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
USED-UNIT SALES	370	383	−3	2,271	2,426	−2

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dassen,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Don Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lookard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa. [illegible]**al Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Dave Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

DAB PERSPECTIVE *continued*

Without those sales, the category would have been down about 11%.

Fifth-wheels

Fivers continued to be the industry leader. The monthly increase in percentages over last year was exactly the same as the year-to-date figure. Although totals weren't huge, most dealers produced rather consistently. The average DAB fifth-wheel dealer sold one to three units a month; the top dealer moved 40 for the seven-month period. Grosses were generally rated good. Used sales were off a few points, as they had been all year.

> *Profits were rated excellent in several categories by several DAB members.*

Sales should continue to be good for a couple of months, as snowbirds prepare for their annual migration to the South. Δ

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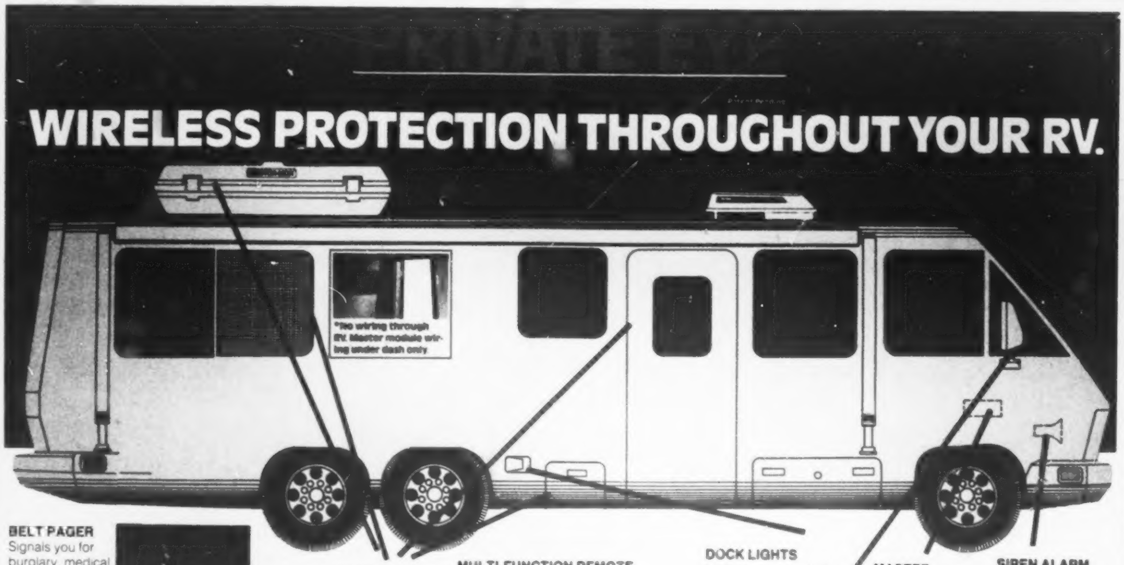
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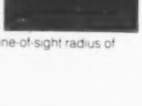

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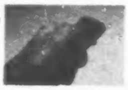

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FEATURE

REGIONAL MARKETS

Regions differ markedly in the popularity of various RV categories but less clearly in terms of product-design preferences

VICKIE ELMER

Considering the wide variety of climates, lifestyles and ethnic mixes in the 50 states, aren't there an equally large number of differing regional markets and products tastes? Yes and no, answer manufacturers.

With a few exceptions, there are few differences in actual product design across the country. The motorhome that sells in Toledo will sell in Texas. Travel trailers look alike whether the dealer's lot is in Oklahoma or Oregon or Orange, N.J.

"It (the market) is pretty much the same throughout the country" when it comes to product design, confirms Phil Cornelius, a marketing specialist with Foretravel Inc., which makes high-line Class A motorhomes in Nacogdoches, Texas. And Cornelius could be speaking for a number of other RV manufacturers interviewed, who all said they find few, if any geographic differences, in consumer preferences for product design and equipment.

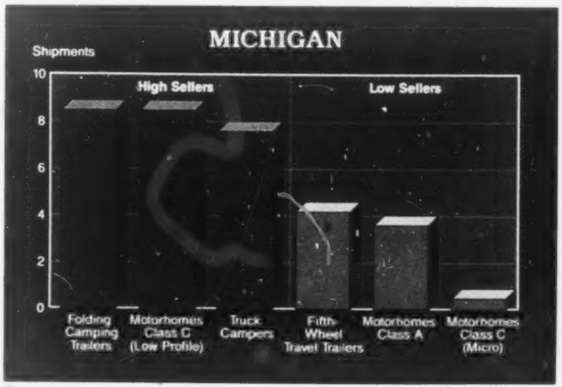


Figure 1

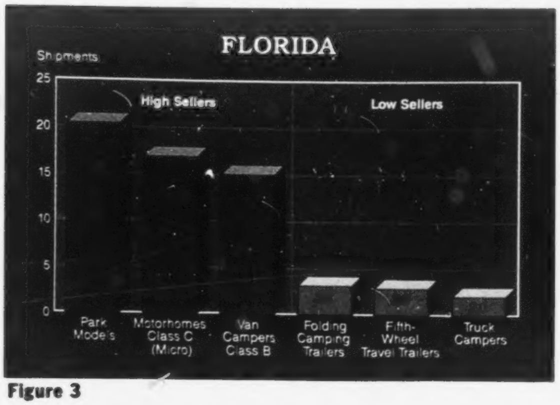


Figure 3

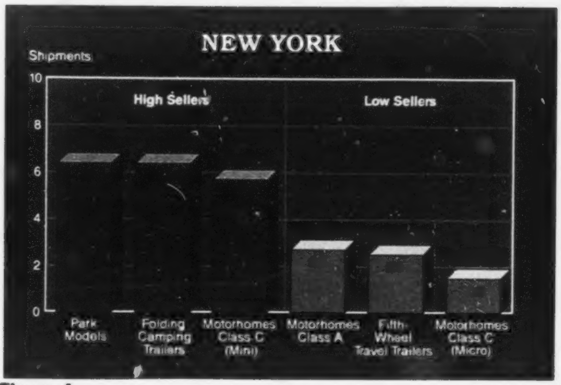
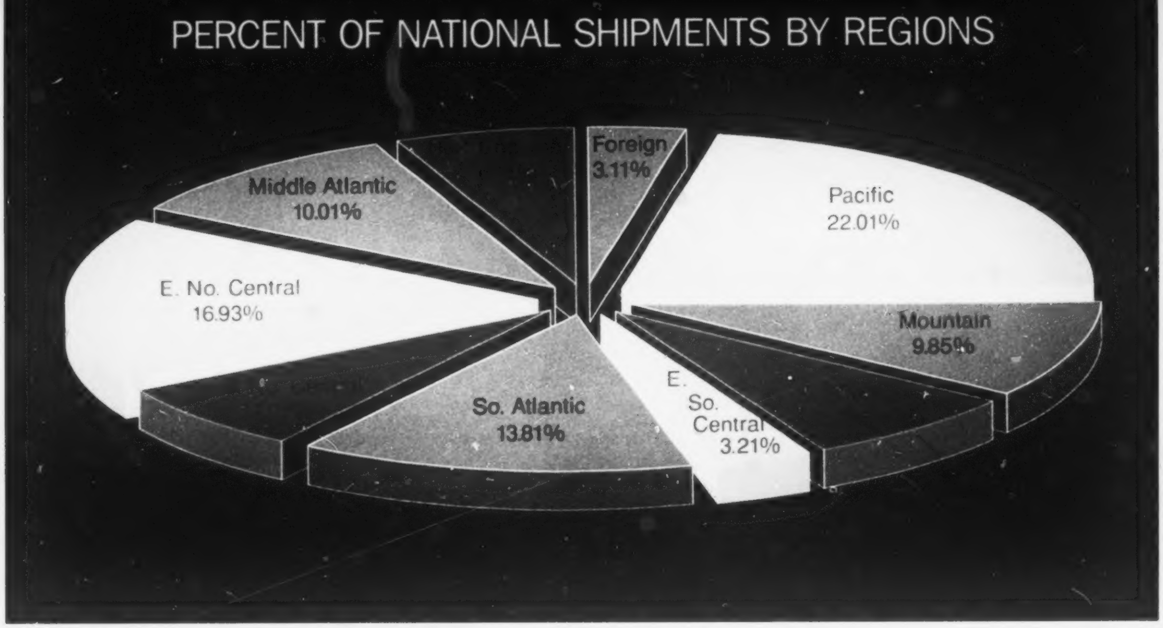


Figure 4

GRAPHICS: CUSTOM COLOR VISUALS



New England Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Middle Atlantic** New Jersey, New York, Pennsylvania. **E. No. Central** Illinois, Indiana, Michigan, Ohio, Wisconsin. **W. No. Central** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **South Atlantic** Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **E. So. Central** Alabama, Kentucky, Mississippi, Tennessee. **W. So. Central** Arkansas, Louisiana, Oklahoma, Texas. **Mountain** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific** Alaska, California, Hawaii, Oregon, Washington.

Regional Sales Trends

Regional differences do come into play in the numbers of motorized and towable units sold, however. For example, according to Recreation Vehicle Industry Association (RVIA) shipment figures, dealers in Michigan will do a lot better selling fold-down campers than micro-mini motorhomes. But if you're on the West Coast – in California, in particular – stock your lot with Class A motorhomes and micro-minis, and let somebody else try to sell park models.

For an overview of some of the differences, see Figures 1-5, which provide a look at the Top Five state-RV markets in 1988 in terms of their strongest and weakest markets for various RV types. Just to point up one example, Florida garnered 6% of all towable and motorhome shipments in the country last year, but the state's park-model shipments represented a whopping 20.4% of the total park-trailer market. Any manufacturer looking to sell park models certainly would want to target the Sunshine State.

Tom Walworth, general manager of Statistical Surveys Inc., Grand Rapids, Mich., which tracks RV retail sales by state and region, reports that regional sales tend to follow long-term, traditional patterns. That means that Californians have long favored motorhomes, and Northeasterners' preference for folding camping trailers has held true over the years. RVIA's state and regional statistics back up Walworth's assertion. The sales trends by region and RV type that are found in its 1988 shipment report pretty well mirror those in the 1983 shipment summaries.

Figures 1-5 show the Top Five state-RV markets' percentage of national shipments for selected RV types in 1988. All statistics are from the Recreation Vehicle Industry Association's *1988: The Year in Review.*

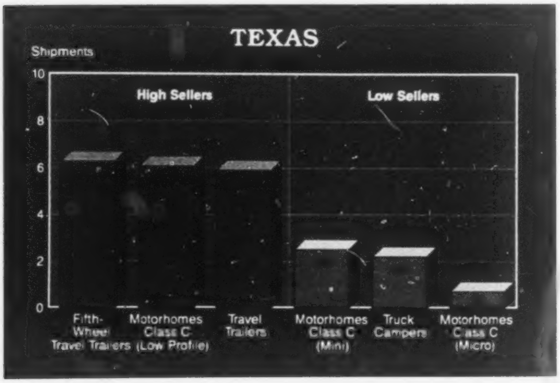


Figure 2

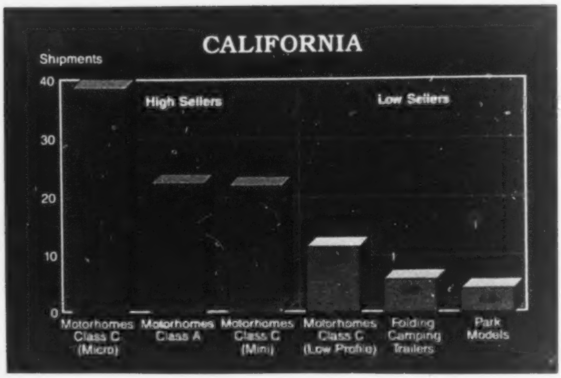


Figure 5

What has changed – and changes frequently – are the regions where overall RV sales are "hot" or "cold." For example, in 1983, Texas accounted for 7.25% of total U.S. RV shipments. Last year, Texas' share had fallen to 4.9% of total shipments because of its well-publicized economic woes.

In the 1983-88 time period, Arizona, Illinois and Ohio, in addition to Texas, saw their percent of the U.S. market slip. Meanwhile, states such as New York, California, Massachusetts and Michigan gained market share in all towable and motorized categories, according to RVIA statistics. California, which has long been the top state for RV sales, saw its market share increase from 19.5% to 22.0% in those five years.

> *"When 15 or 20 dealers all agree on something, you had better listen."*

Regional dominance may be shifting once again, however. Factors such as economic conditions, weather trends and RV shows all come into play, according to Statistical Surveys' Walworth. As a result, he notes that the Northeast, which saw impressive sales last year, has not been as strong this year, while he and several others predict that Texas is picking up.

More Similarities Than Differences

Yet, despite such regional sales differences, for the most part, there is little regional variation in the product offered in each RV category. In general, the park models sold in Florida are much the same as those on lots in Pennsylvania or Arizona, two other major but geographically distant park-trailer markets.

Even the small regional differences in product tastes that do exist may be fading rapidly under the impact of national entertainment and advertising media. For example, Jim Sheldon, director of marketing for Fleetwood Enterprises Inc., Riverside, Calif., says that he has noticed a definite homogenization of consumer tastes in the last 10 years due, in part, to the impact of television. TV shows depict the same settings and often the same products in ads – whether the TV is turned on in Atlanta or Albany, Sheldon points out.

Fleetwood, with its string of travel trailer and motorhome plants around the country and in Canada, would be well-situated to produce different products for different regional demands. But Sheldon emphasizes that the company has found it efficient to develop all its decors, exteriors and new products at its Riverside, Calif., headquarters and to design them to appeal to the country as a whole.

Even if an innovation gains popularity in a specific region, it is likely to soon spread to dominate other geographic areas in any case, notes Sheldon. "I've seen too many regional floorplans that became popular nationally," Sheldon cites as an example.

Robert Curran, who follows the RV industry for Merrill Lynch, New York, N.Y., confirms that the major, publicly traded RV companies – Fleetwood, Skyline Corp., Winnebago Industries Inc. and Coachmen Industries Inc. – tend to go after nationwide markets to capture economies of scale in production and supplies.

If the big RV makers do vary their product by region, Curran and others agree, the changes are generally limited to cosmetic factors – such as different interior colors, decorator items and special amenities. For example, manufacturers acknowledge that the brighter, lighter colors usually do better in the Western states, while more muted tones are more popular in the rest of the country.

Regional Niches and Tastes

On the other hand, there is still a place in the industry for regional, specialized-product niches. For example, Sunline Coach

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Co., which ships its travel trailers, truck campers and fifth-wheels to the Eastern Seaboard from factories in Denver, Pa., has found just such a niche. Sunline offers a truck camper specifically designed for the Northeastern skiing crowd. The camper has a heating line that keeps the water- and holding-tank area from freezing and at the same time heats the unit's floor, explains Sunline President Larry Lawrence. However, Sunline's other products "would be accepted all over the country," adds Lawrence. "The same units come off the line and are shipped north or south."

Even a heavy hitter like Mallard Coach Co. Inc., Nappanee, Ind., which ranked fourth in motorhome production in 1988, takes regional market tastes into account in the design of its coaches.

Tom Powell, general manager of Mallard Coach Co.'s Riverside, Calif., plant, says his travel trailers and motorhomes do differ from the ones Mallard builds at its Indiana headquarters. "We put more options on them. The West Coast buyer seems to be a more upscale buyer," he reports. And since West Coast consumers want air conditioning, bigger generators, more stylish looks and brighter colors, the average unit costs more in the West because of all those extras, adds Powell.

Powell says he believes that his more upscale, West Coast-targeted RV units would sell on the East Coast, but that the Eastern and Midwestern products probably would not sell as well in the West because their decor is more conservative, and the units have fewer luxury items.

There are some regional product distinctions created by climate differences, too. Buyers in Arizona naturally prefer tinted glass in their coaches to keep out the sun, while those in Alaska and Northern states ask for storm windows to insulate units against inclement weather, manufacturers report. The same regional gap holds true for units sold with air conditioners vs. those units that are ordered with "winterizing packages."

Norm Jacobson, director of marketing for Lance Camper Manufacturing Corp., Pacoima, Calif., throws a new ingredient into the product mix: differences based on particular communities and their lifestyles rather than on states or broad regions.

"It doesn't have anything to do with West vs. East," he argues. For instance, some communities in Southern California have a high percentage of horse owners, Jacobson points out. The horse lovers want a truck camper that is shorter so they can tow a horse trailer behind it, yet they still want all the amenities inside, Jacobson says. Sales trends then reflect the lifestyle and demographics of that particular Southern California area.

In gauging regional RV-product trends, some manufacturers use the most popular types of automotive vehicles as a good indicator of the types of RV that will sell well in an area. For example, regions where pickup trucks are preferred – like the Midwestern or Mountain states – provide fertile territory for fifth-wheels or truck campers.

To keep abreast of which products are selling well and where they are selling, manufacturers also rely on regional buyer surveys and on feedback from regional shows. Trade magazines and tracking services, such as Statistical Surveys, are other sources that can give information on geographic trends.

However, Kit Manufacturing Co., Long Beach, Calif., takes a more grass-roots approach. It collects about three-fourths of its information from its dealers, who quickly identify new regional trends, according to Matt Pulizzi, a Kit vice president. "When 15 or 20 dealers all agree on something, you had better listen," he concludes.

The bottom line, dealers and manufacturers would agree, is that, although there are more similarities than differences in the RV business as you move across the nation, you still can't sell exactly the same product mix in exactly the same way in Tampa, Toledo and Taos. Δ

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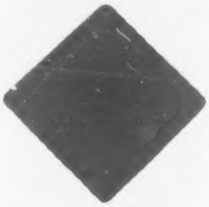

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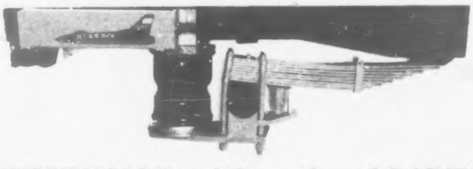

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Harrisburg Show Displays Styling Shift

The continuing trend to more modernistic, automotive exterior styling in American motorhomes – call it the '90s look – was evident at the 21st Annual Pennsylvania Recreational Vehicle & Camping Show, held Sept. 11-17 in Harrisburg, Pa.

Among the new products unveiled at the nation's second key seasonal trade show, RV Expo '90, which is sponsored by the Pennsylvania Recreational Vehicle & Camping Association (PRVCA), were revamped Class A's that seem to have collectively shed the angular boxy look inherited from the 1970s.

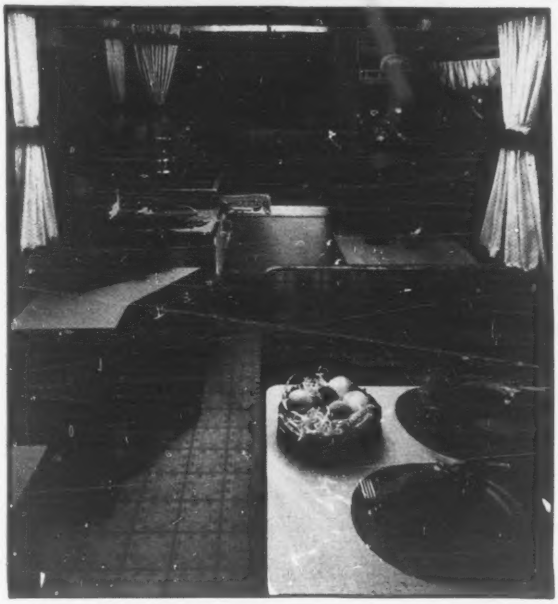
The trend to aerodynamic, automotive looks has spread to encompass the restyled products of even small companies such as Trailblazer Ltd., Edwardsburg, Mich., which offered a redesigned Trailblazer Class A.

The new styling also continued to make inroads among the larger manufacturers. For example, Winnebago Industries Inc., Forest City, Iowa, unveiled a remodeled Itasca, and Thor Industries Inc., Jackson Center, Ohio, displayed a more upscale Pinnacle.

Noteworthy introductions at Harrisburg included Dryden, Mich.-based Champion Motor Coach Inc.'s "completely redesigned" midpriced LaSalle, a modified basement coach featuring a "stylish, automotive" nose cap, integrated taillights, a wraparound rear/bumper and a radius aluminum roof.

Georgie Boy Manufacturing Inc., Edwardsburg, Mich., also debuted its restyled top-of-the-line 1990 Encounter, a half-basement model sporting "rounded

continued on page 7



FOLD-DOWNS BET ON 1990: Despite a tough 1989 market, fold-down makers are upbeat about '90. See page 24.

RVIA Approves Plan for National RV Technical Institute

RVIA has answered a widespread demand for improved training of RV-dealership service technicans by throwing its moral and financial support behind an Iowa educator's proposal for a "National Recreational Vehicle Technical Institute."

RVIA's board of directors voted its approval during its quarterly meeting Sept. 18 at the Stouffer Madison Hotel in Seattle, Wash., according to Gary LaBella, vice president of public relations for the Reston, Va.-based trade association.

Plans for the national institute, which is expected to be financially self-sustaining, call for one-year programs through a permanent network of 12 community colleges and technical schools throughout the country within three years.

The institute will offer a standardized training curriculum for service technicians and will award graduates "Excellence in Recreational Vehicle Service" certification, according to LaBella.

"This is simply a response by RVIA to the increasing need for recreational vehicle service technicians," LaBella explained. "The concept behind this program is to meet the anticipated needs that we see in the 1990s. There is no question that most surveys show that there is going to be an increased labor shortage in the 1990s, and I think that this is a farsighted approach by the RV industry to ensure that we are not caught short, that we have trained service technicians in the market to take care of the consumers over the long haul."

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7 **Mobile Traveler To Liquidate**

8 **Contempo Vans Files Chapt. 11**

8 **Coleman Awning, Air-Conditioning Lines for Sale**

8 **Truck-Cap Association Plans Future**

9 **Travelcraft Declares Bankruptcy**

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10 **Consolidation Under Way At Vyquest**

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11 **RVIA Official Sees Improved 1990 Market**

11 **IMHA to Keep Midwest Show In South Bend**

12 **Industry Veteran Buys Daystar**

RV BUSINESS

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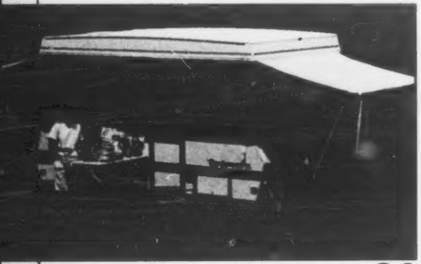

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COVER PHOTO: COURTESY OF ROCKWOOD INC.

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Fold-downs Bet on 1990 24

1989 has been a tough year for folding camping trailers, but leading fold-down makers are surprisingly upbeat about their prospects for 1990. Price reductions, product improvements and market development are some of the ways in which they hope to attract more buyers next year.

Campers Keep on Truckin' 32

Truck-camper builders say this year's slow spring sales season was only a pause in an ongoing climb upward from the market's all-time low in 1980. Manufacturers count on the popularity of pickup trucks to carry their product toward steady growth in 1990 and beyond.

WDA Executive Conference 56

The Warehouse Distributors Association's 16th Annual Executive Conference in Nashville, Tenn., provides a full calendar of events to allow distributors, suppliers and manufacturers' agents to view products, place orders and renew relationships.

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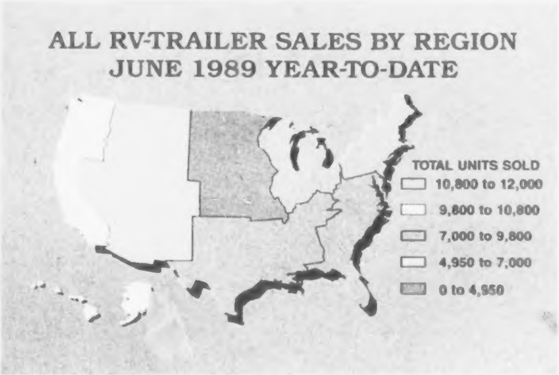
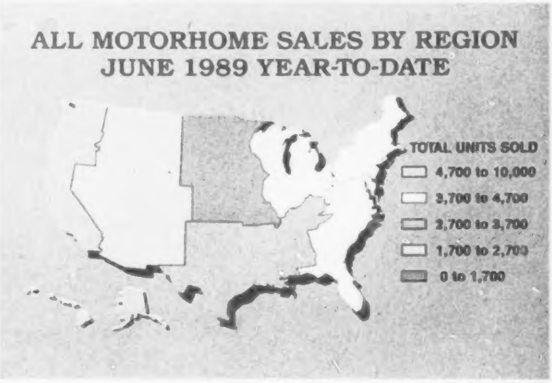
JUNE SEES LEVELING OUT OF MARKET

THOMAS WALWORTH





East North Central Illinois, Indiana, Michigan, Ohio, Wisconsin. **Mountain** [illegible] Montana, Nevada, New Mexico, Utah, Wyoming. **Northeast** Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, [illegible] **Pacific** Alaska, California, Oregon, Washington, Hawaii. **South Atlantic** Delaware, Florida, Georgia, Maryland, North Carolina, [illegible] **West North Central** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **South Central** [illegible]

By June the RV retail market gave indications that it was leveling out, as its rate of decline slowed when compared with 1988. The retail numbers suggested that the industry might even be poised on the brink of market improvement.

Although both the RV-trailer and motorhome markets were down for the first half of 1989 when compared with the same six months of 1988, the retail tallies were behind by less than 9% in both cases. The RV-trailer market was down 8.1%, or 5,348 units, for the first six months of 1989 compared with last year, while the motorhome market was 6.13%, or 1,910 units, behind last year's pace in June.

The RV-trailer market was down 10.4%, or 1,593 units, in June compared with June of last year. Yet this was an improvement over the experience of May, in which sales were down 12%, or 1,893 units, from the previous May.

Figure 1 shows the ranking of regions by percentage change in trailer sales for June compared with June 1988. In the leading Northeast region, New Hampshire recorded the largest percentage sales growth. For the bottom-ranked East North Central region, Illinois had the largest percentage decline.

For the year-to-date in June, the RV-trailer market was down 8.1% from the first half of 1988. All seven regions of the country experienced negative growth, but the decline was slowing.

Listed in Figure 2 are the regions ranked by their percentage change for the year-to-date compared with the first half of last year. From the figure, it can be seen that the markets were not performing as usual in June. There was a great deal of movement in the year-to-date numbers, which was atypical for this late in the season. In the top-ranked South Central region, the state of Arkansas reported the largest percentage gain based on a two-year sales comparison. In the West North Central region, North Dakota experienced the largest decline in sales compared with 1988.

Meanwhile, the motorhome market was

RV TRAILERS, JUNE '89

June '89 Rank	Region	% of Change From June '88	May '89 Rank
1	Northeast	1.86	7
2	Pacific	8.06	2
3	W.N. Central	10.80	6
4	Mountain	11.10	3
5	S. Atlantic	14.80	4
6	S. Central	15.20	1
7	E.N. Central	16.70	5

Figure 1

RV TRAILERS, YEAR-TO-DATE

June '89 Rank	Region	% of Change Year-to-date	May '89 Rank
1	S. Central	3.23	3
2	Pacific	5.97	4
3	Mountain	7.14	2
4	S. Atlantic	7.19	1
5	Northeast	9.86	7
6	E.N. Central	10.70	5
7	W.N. Central	11.90	6

Figure 2

MOTORHOMES, JUNE '89

June '89 Rank	Region	% of Change From June '88	May '89 Rank
1	Pacific	3.50	2
2	S. Atlantic	.10	6
3	S. Central	.70	3
4	W.N. Central	2.86	7
5	Northeast	11.70	1
6	E.N. Central	13.30	4
7	Mountain	26.80	5

Figure 3

MOTORHOMES, YEAR-TO-DATE

June '89 Rank	Region	% of Change Year-to-date	May '89 Rank
1	S. Central	4.42	4
2	Northeast	4.48	1
3	Pacific	4.73	6
4	W.N. Central	5.49	5
5	E.N. Central	-6.17	3
6	Mountain	-9.22	2
7	S. Atlantic	-9.94	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

down 5.2%, or 341 units, for June when compared with June of last year. Yet this was an improvement from the May market, which was down 7.7%, or 470 units, from the previous May.

Figure 3 ranks the seven regional markets in terms of each region's percentage change in June motorhome sales when compared with the same month of 1988. California had the largest percentage sales gain in the top Pacific region. Out of all the states in the lagging Mountain region, Arizona recorded the largest percentage decline for the month.

> *The improved retail numbers at the end of the first half of 1989 seemed to indicate that an inventory erosion was taking place in the market, which would be a healthy sign.*

For the year-to-date in June, the motorhome market was down by 6.13% compared with 1988. This marked a continuation of previous months' improvement on a year-to-date basis.

A ranking of the market areas is listed in Figure 4, based on the percent of change in motorhome sales in the first six months of 1989 compared with 1988. The South Central region led all others, with Texas having the greatest percentage sales increase in that region. In the lagging South Atlantic region, the state of Virginia came in with the largest decline for the first half of 1989 when compared with last year.

The improved retail numbers at the end of the first half of 1989 seemed to indicate that an inventory erosion was taking place in the market, which would be a healthy sign. Each month has marked a slowing in the rate of decline compared with 1988, and if the industry continues with this market improvement into the fall, we can predict an even retail market at year-end. All the economic factors would then support the return of a good retail market in the coming year. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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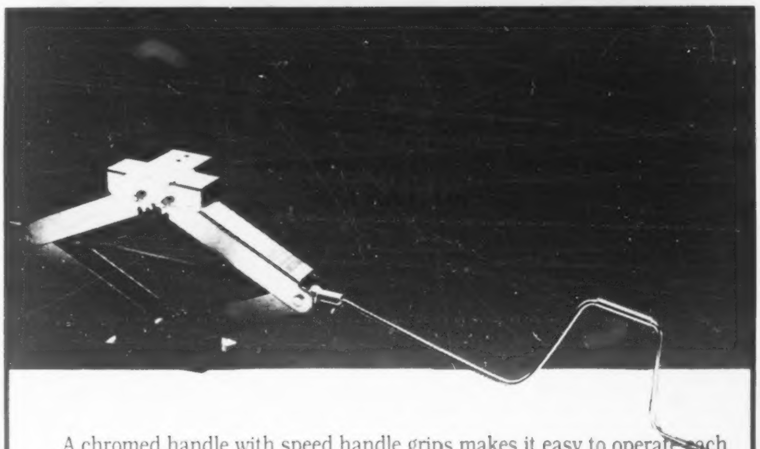

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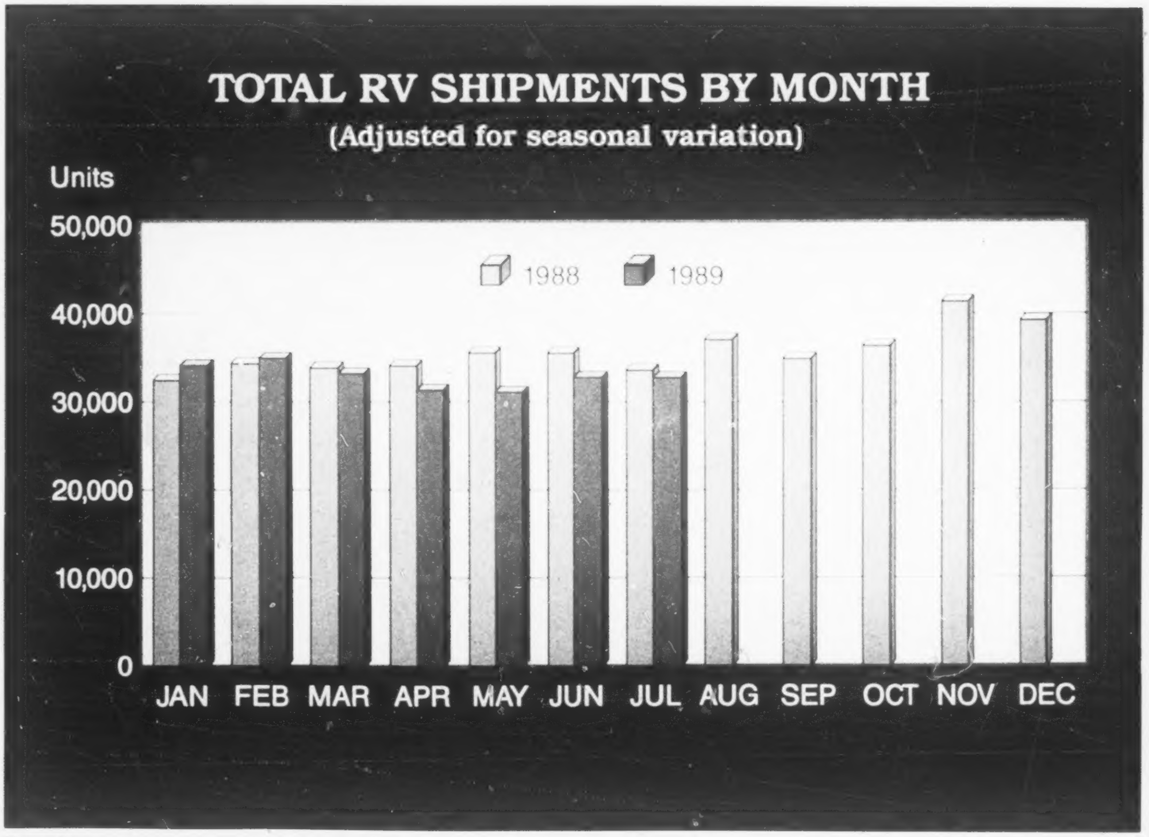

Figure 1

Going nowhere can be better than going somewhere – if somewhere is a place you do not want to go. The RVIA monthly shipment report, after adjustment for normal seasonal patterns, indicated no overall improvement, but it did show a variety of interesting positive signs, as well as a few negative factors.

During July, RV shipments remained virtually even with those of June. *(See Figure 1.)* The difference between the two months was just 20 units, which could easily be a case of rounding the numbers up or down. In percentage terms, you would have to go out four decimal places to find a significant digit. Although it might have been more hopeful to have seen the advance for the month of June repeated, the July figures suggested that the industry had gone into a holding pattern.

Yet, despite the fact that July was the fifth consecutive month to fall short of the same month in 1988, there were bright spots in the July numbers. One of these bright spots was the decrease in the shipment deficit compared with the same month of a year ago. In May, a comparison with the same month a year earlier showed that May 1989 was behind by 4,530 units. In comparing June 1988 and June 1989, the shortfall from last year was cut back to 2,820 units. By July, that deficit was down to 890 units. So, there was an indication of ongoing improvement.

GRAPHICS: CUSTOM COLOR VISUALS

The Detailed View

The deficit for the year-to-date stood at nearly 9,500 units in July, which was almost 4% off last year's pace. *(See Figure 3.)*

But 56% of that shortfall was the result of a 21.5% year-to-date drop in shipments by folding camping trailers. When this RV type was excluded, towables as a group were down by just 0.4%, which compared favorably with motorhomes, which were down by 8% as a group. Meanwhile, van conversions were running a modest, but healthy, 2.8% ahead of last year by July.

The good news for the beleaguered folding camping trailers is that they had a substantial July gain of nearly 800 units from June. That was nearly a one-third increase in their monthly total and a decrease in the annual deficit they had been running up.

July was an interesting month because both towables and motorhomes advanced, but their gains did not stand out in the total RV figures because they were completely offset by a decline in van conversions.

Don't be misled into thinking the worst about van conversions, however. It was a record July for these popular units, and they were down only in comparison with an outstanding June.

The best news of the month may have been that conventional travel trailers and Class A motorhomes both showed good improvements over their June levels. The conventional travel trailers were up by nearly 14%, while Class As advanced by an even stronger 22%.

Market Shifts

Van conversions continued to approach the magic 50% figure in market share in July. *(See Figure 2.)* Their gains this year primarily have been at the expense of towables, which have yielded 2.54 market-share percentage points, or three-quarters of the gains made by van conversions. Again, it should be noted that the decline in folding camping trailers accounted for a dominant portion of the shift in market share.

In Figure 2, we see the year-to-date or cumulative numbers. When we examine the monthly share figures, the dominance of van conversions can be said to have arrived. In both June and July, these versatile units had more than 50% of total shipments. June brought in a 54% market-share portion for van conversions. July was right at the 50% mark.

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.48	14.16
Park Models	2.03	1.85
Fifth-wheels	7.43	7.56
Folding Camping Trailers	8.37	10.24
Truck Campers	2.58	2.61
TOTAL TOWABLES	33.89	36.43
Motorhomes:		
Class A	9.57	9.95
Class B Van Campers	1.29	1.24
Class C:		
Minis	4.72	5.05
Low Profiles	0.44	0.49
Micro-minis	0.60	0.62
TOTAL MOTORHOMES	16.61	17.35
Multiuse Van Conversions	49.50	46.23

Percentages may not add to total because of rounding.

Figure 2

The best news of the month may have been that conventional travel trailers and Class A motorhomes both showed good improvements over their June levels.

Some members of the RV industry continue to insist that van conversions are not recreational vehicles, that they are multipurpose vehicles that are not "truly" RVs since they do not offer the same degree and diversity of amenities. This may be true, but it may not be relevant. The important questions are:

- How do consumers view van conversions in the marketplace?
- Are van-conversion owners potential converts to other RV forms?
- Are consumers telling the industry something important for the 1990s about their interests, use patterns and desires?

Rather than deny the message of the marketplace, it would serve the industry better to study van-conversion buyers and gain ideas about future directions from their clear preferences.

Other forms of RVs have been stagnating for several years, while van conversions have advanced steadily. To ignore the competition because they do not fit a definition established by the industry itself—because they are not members of "the club," so to speak—is to invite a future as a footnote in business history. ∆

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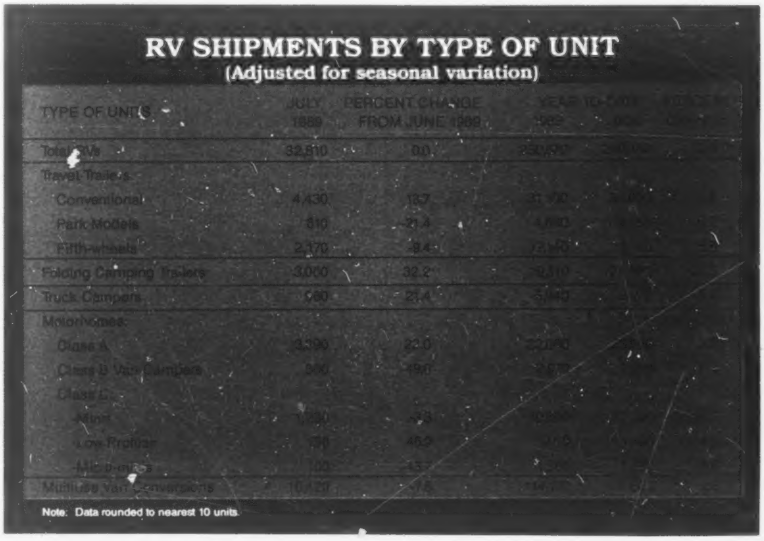

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE OF UNITS	JULY 1989	PERCENT CHANGE FROM JUNE 1989	YEAR-TO-DATE 1989	1988	[illegible]
Total RVs	32,810	0.0	[illegible]	[illegible]	[illegible]
Travel Trailers:					
Conventional	4,430	13.7	[illegible]	[illegible]	[illegible]
Park Models	810	-21.4	[illegible]	[illegible]	[illegible]
Fifth-wheels	2,170	-9.4	[illegible]	[illegible]	[illegible]
Folding Camping Trailers	3,000	32.2	[illegible]	[illegible]	[illegible]
Truck Campers	960	21.4	[illegible]	[illegible]	[illegible]
Motorhomes:					
Class A	3,390	22.0	[illegible]	[illegible]	[illegible]
Class B Van Campers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Class C:					
-Minis	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-Low Profiles	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-Micro-minis	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Multiuse Van Conversions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Note: Data rounded to nearest 10 units.

Figure 3